

Part 1

## Executive Summary of the Trust Unit (Fact Sheet)

This Executive Summary is part of the Registration Statement Form for the offering of Trust Units and the Prospectus, which is merely a summary of the offering for sale, type, and risks of HREIT. Therefore, investors should study further details in the full version of the Prospectus, which may be obtained from the REIT Manager, or may study from the Registration Statement Form and the Prospectus submitted to the Office of the SEC by the Company at the website of the Office of the SEC.

Hemaraj Leasehold Real Estate Investment Trust (HREIT)

WHA Industrial REIT Management Company Limited (REIT Manager)

SCB Asset Management Company Limited (Trustee)

## 1. Material information of HREIT

REIT Name (Thai)	ทรัสต์เพื่อการลงทุนในสิทธิการเช่าอสังหาริมทรัพย์เหมราจ
REIT Name (English)	Hemaraj Leasehold Real Estate Investment Trust
Abbreviation	HREIT
REIT Manager	WHA Industrial REIT Management Company Limited (the "Company")
Property Manager	WHA Industrial Development Public Company Limited
Trustee	SCB Asset Management Company Limited
Financial Advisor	Kasikornbank Public Company Limited

## 1.1 Details of the offering of Trust Units for sale in this time

Characteristics of the Trust Units Fully paid-up trust unit as evidenced by a name-registered certificate without any restrictions on the transfer thereof, except for the restrictions under laws as stipulated in the Trust Deed.

Amount of the Trust Units offered for sale and the offering price

— Amount of the Trust Units in the second capital increase	Not exceeding 137,500,000 units
— Total value of the Trust Units offered for sale in the second capital increase	Not exceeding 1,031,250,000 Baht*
Par value per unit	As at 30 September 2020, the par value per Trust Unit was at 8.8572 Baht, provided that the REIT Manager shall announce the par value per Trust Unit

Maximum offering price per unit

as at the subscriber's receipt date of the Trust Units issued and offered for sale in this time through the website of Stock Exchange of Thailand.

7.50 Baht per unit, provided that the REIT Manager shall announce the final offering price through the website of Stock Exchange of Thailand.

#### Nature and Proportion of the Offering of Trust Units

Type of investors	Amount of the Offering Trust Units (Unit)
<u>Part 1</u> Offering to the specific group of general public who are existing Trust Unitholders whose names appear in the register book of Trust Unitholders as per their trust unitholding ratio	Not exceeding 137,500,000 Units <sup>1,2</sup>
<u>Part 2</u> Offering to WHAID and/or WHAID's associated persons	Not exceeding 20 percent of all Trust Units to be issued and offered for sale in this capital increase when combining with the amount allocated to WHAID in Part 1
<u>Part 3</u> Offering of the remaining additional Trust Units from Part 1 and/or Part 2 above to (1) persons on a Private Placement and/or (2) general public  (1) Offering to institutional investors  (2) Offering to persons subject to the discretion of the Underwriter	The remaining portion of Trust Units from the offering in Part 1 and Part 2

**Remarks:** <sup>1</sup> The amount of Trust Units above is based on the amount of Trust Units issued and offered for sale of not exceeding 137,500,000 units offering to the specific group of general public who are existing Trust Unitholders whose names appear in the register book of Trust Unitholders as per their trust unitholding ratio at approximately 100 percent. The nationalities of existing Trust Unitholders other than Thai that the Company will take into consideration to not offer the Trust Units for sale in accordance with the above-mentioned conditions are primarily American, Canadian, Japanese, British, Singaporean, Malaysian, Swiss, Indian, and French, which are the

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nationalities of existing Trust Unitholders other than Thai as of the Record Date on 23 March 2020. However, the Company will announce the list of nationalities of existing Trust Unitholders that will not receive the offer of Trust Units through the website of Stock Exchange of Thailand prior to the subscription date.

<sup>2</sup> Including the amount offering for sale to WHAID in the amount not exceeding 27,500,000 units, whereby the total amount of Trust Units to be allocated to WHAID and/or WHAID's associated persons shall not exceed 20 percent of all Trust Units to be issued and offered for sale in this capital increase.

(Please see the definition of each type of investor in Part 3 of the Registration Statement Form and Prospectus.)

Underwriter of Trust Units

Kasikornbank Public Company Limited

## 1.2 Objectives of the fundraising in this time

1.2.1 To invest the proceeds from fundraising by the offering of Trust Units for sale in the amount not exceeding [•] Baht and from loans from financial institutions in the amount not exceeding 650,000,000 Baht in the third Additional Investment Assets in the type of leasehold rights in immovable properties as follows:

- 1) 7 units of leasable detached building factory with a building area of approximately 26,680 square meters;
- 2) 6 units of leasable attached building factory with a building area of approximately 12,546 square meters; and
- 3) 2 units of warehouse with a total building area of approximately 8,901 square meters.

Totaling in 15 units with a total building area of approximately 48,127 square meters located on the land with a total area of approximately 48 rai 2 ngan 39.61 square wah;

1.2.2 To utilize as the expenses and fees for the repayment of existing debts of HREIT and the expenses and fees for loans or the issuance and offering for sale of debenture for the said repayment of existing debts; and

1.2.3 To utilize as the working capital of HREIT.

## 1.3 Material details of the current investment assets and the third Additional Investment Assets

### 1.3.1 Summarized details of the third Additional Investment Assets

As of the prospective investment date in the third Additional Investment Assets by HREIT on 1 January 2021, details of the tenants' occupancy ratio to total leasable area, the average occupancy rate as at the prospective investment date, and the expiration date of the lease agreements and service agreements of the third Additional Investment Assets are as follows:

Project	Lessee	Leasable Area (sq.m.)	Tenants' Occupancy Ratio to total Leasable Area (Percent)	Average Occupancy Rate as at the Prospective Investment Date	Expiration Date of the Lease Agreement and Service Agreement
<b>1. WHA Chonburi Industrial Estate 1 Project (WHA CIE1)</b>					
A08E	In-Season Foods Ltd.	1,152	2.4	100	31 December 2021 <sup>*1</sup>
B6B	Kyowa SS (Thailand) Co., Ltd.	516	1.1	100	31 March 2023
B6C	Boncafé (Thailand) Ltd.	516	1.1	100	30 June 2021
B6E	Jungheinrich Lift Truck Ltd.	660	1.4	100	31 March 2023
Z.62+Z.62B	Thai WP Co., Ltd	3,360	7.0	100 <sup>*2</sup>	30 September 2023 <sup>*3</sup>
<b>2. WHA Eastern Seaboard Industrial Estate 1 Project (WHA ESIE1)</b>					
D.45	Ground Effect (Thailand) Co., Ltd	3,372	7.0	100	28 February 2023 <sup>*4</sup>
D.46	-	3,260	6.8	-	
D.47	Daya Kitchen Appliance Accessories (Thailand) Co., Ltd	2,988	6.2	100	31 October 2022 <sup>*5</sup>
FZ27B	EUP Electric Vehicle (Thailand) Co., Ltd.	3,820	7.9	100	31 January 2022 <sup>*6</sup>
FZ28	BNL (Thailand) Ltd.	5,640	11.7	100	31 July 2022 <sup>*7</sup>
H.04	Hi-Tech Mould and Plastics (Thailand) Co., Ltd.	4,240	8.8	100	31 August 2022 <sup>*8</sup>
<b>3. WHA Saraburi Industrial Land Project (WHA SIL)</b>					
142/2	Nittsu Shoji (Thailand) Co., Ltd.	4,662	9.7	100	15 August 2021
142/4	Nittsu Shoji (Thailand) Co., Ltd.	5,040	10.5	100	15 August 2021
<b>4. WHA Logistics Park 2 Project (WHA LP 2)</b>					
B.10	-	5,124	10.6	-	-
<b>5. WHA Logistics Park 4 Project (WHA LP 4)</b>					
D3	Misumi (Thailand) Co., Ltd.	3,777	7.8	100	30 April 2022 <sup>*9</sup>
Total Leasable Area of All Projects		48,127	100.00		

**Remarks** <sup>\*1</sup> In-Season Foods Ltd. is entitled to an early termination prior to the expiration of the lease agreement without any default after 31 December 2020.

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- \*<sup>2</sup> The buildings Z.62+Z.62B are currently under construction and expected to be completed before the prospective investment date by HREIT (by 1 January 2021).
- \*<sup>3</sup> Thai WP Co., Ltd is entitled to renew the lease agreement for another 1 year, however, the lessee shall be responsible for the rental and service fee to the lessor if the lessee does not renew the lease agreement until a new lessee has entered into a new lease agreement and service agreement at the conditions which shall not be inferior to those under the current agreements.
- \*<sup>4</sup> Ground Effect (Thailand) Co., Ltd is entitled to renew the lease agreement for another 2 years.
- \*<sup>5</sup> Daya Kitchen Appliance Accessories (Thailand) Co., Ltd is entitled to renew the lease agreement for another 2 years.
- \*<sup>6</sup> EUP Electric Vehicle (Thailand) Co., Ltd. is entitled to renew the lease agreement for another 3 years, however, the lessee shall be responsible for the rental and service fee to the lessor if the lessee does not renew the lease agreement until a new lessee has entered into a new lease agreement and service agreement at the conditions which shall not be inferior to those under the current agreements.
- \*<sup>7</sup> BNL (Thailand) Ltd. is entitled to renew the lease agreement for another 3 years, however, the lessee shall be responsible for the rental and service fee to the lessor if the lessee does not renew the lease agreement until a new lessee has entered into a new lease agreement and service agreement at the conditions which shall not be inferior to those under the current agreements.

### 1.3.2 Summarized details of the current investment assets

The current investment assets are leasehold rights in immovable properties in the type of 1) 29 units of leasable detached building factory with a total building area of approximately 141,978 square meters, 2) 79 units of leasable attached building factory with a total building area of approximately 89,006 square meters, and 3) 23 units of warehouse with a total building area of approximately 101,521 square meters, totaling in 131 units with a total building area of approximately 332,505 square meters located on the land with a total area of approximately 304 rai 0 ngan 54.38 square wah. HREIT has a policy to procure benefits from its main assets by letting the property's area to tenants. The details of which are as follows:

- (1) WHA Chonburi Industrial Estate 1 Project (WHA CIE 1) located at Bo Win Sub-district, Sriracha District, Chonburi Province, consisting of the leasehold rights in the total of 5 plots of land title deed, equivalent to a total area of 18 rai 0 ngan 29.30 square wah; the leasehold rights in 19 units of factory building with a total building area of approximately 17,712 square meters; and ownerships in other assets, which are the component parts of the lands and buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project;
- (2) Eastern Seaboard Industrial Estate (Rayong) Project (ESIE) located at Ta Sit Sub-district, Pluak Daeng District, Rayong Province, consisting of the leasehold rights in the total of 7 plots of land title deed, equivalent to a total area of 45 rai 0 ngan 25.40 square wah; the leasehold rights in 41 units of factory building with a total building area of approximately 57,752 square meters; and ownerships in other assets, which are the component parts of the lands and

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buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project;

- (3) WHA Eastern Seaboard Industrial Estate 1 Project (WHA ESIE 1) located at Ta Sit Sub-district, Pluak Daeng District, Rayong Province and Khao Khansong Sub-district, Sriracha District, Chonburi Province, consisting of the leasehold rights in the land being the lease and partial lease of 24 plots of land title deed, equivalent to a total area of 144 rai 1 ngan 35.18 square wah; the leasehold rights in 32 units of factory building with a total building area of approximately 127,508 square meters; and ownerships in other assets, which are the component parts of the lands and buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project;
- (4) WHA Logistics Park 1 Project (WHA LP 1) located at Khao Khansong Sub-district, Sriracha District, Chonburi Province, consisting of the leasehold rights in the land being the lease and partial lease of 2 plots of land title deed, equivalent to a total area of 10 rai 1 ngan 75.00 square wah; the leasehold rights in 2 units of factory building with a total building area of approximately 16,820 square meters; and ownerships in other assets, which are the component parts of the lands and buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project;
- (5) WHA Logistics Park 2 Project (WHA LP 2) located at Khao Khansong Sub-district, Sriracha District, Chonburi Province, consisting of the leasehold rights in the land being the lease and partial lease of 2 plots of land title deed, equivalent to a total area of 39 rai 2 ngan 58.00 square wah; the leasehold rights in 11 units of factory building with a total building area of approximately 50,996 square meters; and ownerships in other assets, which are the component parts of the lands and buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project;
- (6) WHA Logistics Park 4 Project (WHA LP 4) located at Pluak Daeng Sub-district, Pluak Daeng District, Rayong Province, consisting of the leasehold rights in the land being the lease and partial lease of 4 plots of land title deed, equivalent to a total area of 20 rai 1 ngan 37.50 square wah; the leasehold rights in 10 units of factory building with a total building area of approximately 33,705 square meters and ownerships in other assets, which are the component parts of the lands and buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project; and

- (7) WHA Saraburi Industrial Land Project (WHA SIL) located at Nong Pla Mo Sub-District, Nong Khae District, Saraburi Province, consisting of the leasehold rights in the total of 5 plots of land title deed, equivalent to a total area of 26 rai 0 ngan 94.00 square wah; the leasehold rights in 16 units of factory building with a total building area of approximately 28,012 square meters and ownerships in other assets, which are the component parts of the lands and buildings, equipment, accessories, system work in buildings and other assets which are relevant and necessary for the utilization of lands and buildings in the project.

For the third Additional Investment Assets in the second capital increase of HREIT, HREIT will focus on the investment in income-generating immovable properties and/or investment in the main assets or other assets, or interests procurement by other means, for the benefit of managing the assets of HREIT. In this regard, HREIT will invest in 5 projects of immovable property being the third Additional Investment Assets from 3 companies with the details as follows:

- (1) WHA Industrial Development Public Company Limited (for part of WHA Chonburi Industrial Estate 1 Project (WHA CIE 1));
- (2) WHA Eastern Seaboard Industrial Estate Company Limited (for WHA Eastern Seaboard Industrial Estate 1 Project (WHA ESIE 1) and WHA Logistics Park 2 Project (WHA LP 2)); and
- (3) WHA Industrial Building Company Limited (for part of WHA Chonburi Industrial Estate 1 Project (WHA CIE 1), WHA Logistics Park 4 Project (WHA LP 4) and WHA Saraburi Industrial Land Project (WHA SIL)).

### 1.3.3 Summary of the appraised value of the third Additional Investment Assets

Assets	Appraised Value (Million Baht)	
	Siam City Appraisal Co., Ltd. <sup>1</sup>	Grand Asset Advisory Co., Ltd. <sup>2</sup>
Approximate value of the third Additional Investment Assets under the HREIT's leasehold condition	1,330,070,000	1,274,000,000
Approximate value of the third Additional Investment Assets not exceeding	1,337,700,000	
Higher than the lowest appraised value (percentage)	5	

<sup>1</sup> The appraised value of immovable properties made by Siam City Appraisal Co., Ltd. as per the Appraisal Report dated 11 May 2020 (as of the prospective investment date in the third Additional Investment Assets by HREIT on 1 January 2021)

<sup>2</sup> The appraised value of immovable properties made by Grand Asset Advisory Co., Ltd. as per the Appraisal Report dated 11 May 2020 (as of the prospective investment date in the third Additional Investment Assets by HREIT on 1 January 2021)

## 1.3.4 Summary of the appraiser's assumptions

Assumptions	Siam City Appraisal Co., Ltd.	Grand Asset Advisory Co., Ltd.
Appraisal approach	Income approach based on the discounted cash flow of future assets as per the structure of HREIT, whereby the projection of cash inflows from the rental and service fees shall be referred to those in the lease agreements and service agreements, and after the termination thereof, the market rate of rental shall be applied in the calculation	
Appraisal period	Leasehold rights expiring in 30 years from the prospective investment date in the third Additional Investment Assets by HREIT (by 1 January 2021) with the renewal of lease agreement for another 30 years	
Leasable building area	<p>Leasable detached building factory with a total building area of approximately 26,680 square meters;</p> <p>Leasable attached building factory with a total building area of approximately 12,546 square meters; and</p> <p>Warehouse with a total building area of approximately 8,901 square meters</p> <p>Total leasable building area of approximately 48,127 square meters</p>	
Average occupancy rate	<p>- <u>For occupied leasable area</u>: 100.00 percent based on the conditions of the current lease agreement</p> <p>- <u>For leasable area with the completed term of lease agreement and for unoccupied area</u>: based on the following assumptions:</p> <ul style="list-style-type: none"> <li>● Year 1-2: 90.00 percent</li> <li>● Year 3-4: 92.00 percent</li> <li>● Year 5: 93.00 percent</li> <li>● From Year 6 onwards: 95.00%</li> </ul> <p>and based on the receipt of compensation of rental and service income from the owners of the third Additional Investment Assets for a period of 3 years from the investment date in the third Additional Investment Assets by HREIT in the event that the third Additional Investment Assets</p>	<p>- <u>For occupied leasable area</u>: 100.00 percent based on the conditions of the current lease agreement</p> <p>- <u>For leasable area with the completed term of lease agreement and for unoccupied area</u>: based on the following assumptions:</p> <ul style="list-style-type: none"> <li>● Year 1-5: 90.00 percent</li> <li>● From Year 6 onwards: 94.00 percent</li> </ul> <p>and based on the receipt of compensation of rental and service income from the owners of the third Additional Investment Assets for a period of 3 years from the investment date in the third Additional Investment Assets by HREIT in the event that the third Additional Investment Assets are not occupied as per the conditions of the draft of Undertaking Agreement</p>



Assumptions	Siam City Appraisal Co., Ltd.	Grand Asset Advisory Co., Ltd.
	are not occupied as per the conditions of the draft of Undertaking Agreement	
Projected rental rate	<p>- <u>For occupied leasable area</u>: prior to the expiration of the lease agreement, the rate shall be calculated as specified in the lease agreement</p> <p>- <u>For leasable area with the completed term of lease agreement and for unoccupied area</u>: based on the market rate of rental as follows:</p> <ul style="list-style-type: none"> <li>● Detached factory: 200 Baht/ square meters/month</li> <li>● Attached factory: 195 Baht/ square meters/month</li> <li>● Warehouse: 175 Baht/ square meters/month</li> </ul> <p>and based on the receipt of compensation of rental and service income from the owners of the third Additional Investment Assets for a period of 3 years from the investment date in the third Additional Investment Assets by HREIT for the rental short of the minimum rental rate to HREIT as per the conditions of the draft of Undertaking Agreement; whereby the minimum compensation rate for each type of building is as follows:</p> <ul style="list-style-type: none"> <li>● Detached factory: 189 Baht/ square meters/month</li> <li>● Attached factory: 164 Baht/ square meters/month</li> <li>● Warehouse: 150 Baht/ square meters/month</li> </ul>	<p>- <u>For occupied leasable area</u>: prior to the expiration of the lease agreement, the rate shall be calculated as specified in the lease agreement</p> <p>- <u>For leasable area with the completed term of lease agreement and for unoccupied area</u>: based on the market rate of rental as follows:</p> <ul style="list-style-type: none"> <li>● Detached factory: 200 Baht/ square meters/month</li> <li>● Attached factory: 174 – 195 Baht/square meters/month</li> <li>● Warehouse: 159 – 174 Baht/square meters/month</li> </ul> <p>and based on the receipt of compensation of rental and service income from the owners of the third Additional Investment Assets for a period of 3 years from the investment date in the third Additional Investment Assets by HREIT for the rental short of the minimum rental rate to HREIT as per the conditions of the draft of Undertaking Agreement; whereby the minimum compensation rate for each type of building is as follows:</p> <ul style="list-style-type: none"> <li>● Detached factory: 189 Baht/ square meters/month</li> <li>● Attached factory: 164 Baht/ square meters/month</li> <li>● Warehouse: 150 Baht/ square meters/month</li> </ul>

Assumptions	Siam City Appraisal Co., Ltd.	Grand Asset Advisory Co., Ltd.
Growth rate of the market rate of rental	Increasing at the rate of approximately 8.00 percent every 3 years until the end of the forecast	Increasing at the rate of approximately 2.50 percent per annum until the end of the forecast
Property management expenses	At the rate as stipulated in the draft of Property Manager Appointment Agreement as follows: - <u>Year 1-5</u> : 1.75 percent of the rental and service income - <u>Year 6 until the end of the forecast</u> : 5.00 percent of the rental and service income	At the rate as stipulated in the draft of Property Manager Appointment Agreement as follows: - <u>Year 1-5</u> : 1.75 percent of the rental and service income - <u>Year 6 until the end of the forecast</u> : 5.00 percent of the rental and service income
Commission expense	0.70 percent of the rental and service income	- <u>For existing tenants who renew the lease agreement</u> : commission expense at 0.5 month of the rental rate with an assumption of the renewal ratio of lease agreement by existing tenants at 65.00 percent - <u>For procurement of new tenants</u> : commission expense at 1.0 month of the rental rate with an assumption of the procurement rate of new tenants at 35.00 percent
Security system costs, insurance premiums and building maintenance fees	1.70 percent of the total revenue and increasing at the rate of 2.00 percent per annum	<u>Security system costs</u> : 0.50 percent of the total revenue in Year 1 and increasing at the rate of 2.50 percent per annum <u>Insurance premiums</u> : based on the projection for each building prepared by the appraiser, and increasing at the rate of 2.50 percent per annum <u>Building maintenance fees</u> : 0.50 percent of the total revenue
Reserves for future building improvements (CAPEX)	- <u>Year 1-5</u> : based on the conditions of the draft of Undertaking Agreement, the asset owner's companies of the third Additional Investment Assets shall be	- <u>Year 1-5</u> : based on the conditions of the draft of Undertaking Agreement, the asset owner's companies of the third Additional Investment Assets shall be

Assumptions	Siam City Appraisal Co., Ltd.	Grand Asset Advisory Co., Ltd.
	responsible in case of any costs from a renovation, reparation and/or change of property in the material parts - <u>Year 6 onwards</u> : 1.50 percent of the rental and service income	responsible in case of any costs from a renovation, reparation and/or change of property in the material parts - <u>Year 6-15</u> : 1.50 percent of the rental and service income - <u>Year 16-30</u> : 2.00 percent of the rental and service income - <u>Year 31 onwards</u> : 3.00 percent of the rental and service income
Renewal costs of the lease agreement for another 30 years	Rental of the leased properties including the leasehold registration fee in the amount of 79.75 million Baht for the renewal period of another 30 years with an assumption of payment to be made payable on the 30 <sup>th</sup> year	Rental of the leased properties including the leasehold registration fee in the amount of 79.75 million Baht for the renewal period of another 30 years with an assumption of payment to be made payable on the 30 <sup>th</sup> year
Discount rate	9.50 percent	9.50 percent

Please see details of the appraised value and price of the third Additional Investment Assets in **3.2.1.4 Summary of the Appraisal Report of the third Additional Investment Assets in Part 2**. The Financial Advisor and the REIT Manager have mutually reviewed the appraisers' assumption of average occupancy rate and projected rental rate and found it acceptable as it complies with the current lease agreements and comparable to the appraisal of asset in the same type as the third Additional Investment Assets, as well as the third Additional Investment Assets are the properties located in well-known industrial estate areas with a potential of tenants procurement. In addition, other appraisers' assumptions used in the appraisal of the third Additional Investment Assets have been reviewed but there are no grounds to believe that those assumptions used in the appraisal are unreasonable, however, the actual performance may be different that the assumptions or various events may not occur as forecasted (for further details of the opinion of the Financial Advisor and the REIT Manager, please see **3.2.1.6 (3) Opinion of the Financial Advisor and the REIT Manager Regarding the Suitability of Purchase Price of Assets**) in Part 2.

#### 1.3.5 The Suitability of investment price in the third Additional Investment Assets

The investment in the third Additional Investment Assets by HREIT in the amount not exceeding 1,337,700,000 Baht may be classified as follows:

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- In case there are no loans utilized, the projected distribution payment and capital return in the first year is at 0.64 Baht per unit (consisting of the distribution payment of 0.58 Baht and capital return of 0.06 Baht) equivalent to the projected distribution payment and capital return rate in the first year at 7.91 percent (calculated based on the average market price of the past 15 business days (from 3 August 2020 to 21 August 2020) which is 8.08 Baht per unit); or
  - In case there are loans utilized as a part of the source of funding in the investment for the amount not exceeding 650,000,000 Baht (based on the information from the Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021 as reviewed by the auditor) the projected distribution payment and capital return in the first year is at 0.69 Baht per unit (consisting of the distribution payment of 0.67 Baht and capital return of 0.02 Baht) equivalent to the projected distribution payment and capital return rate in the first year at 8.52 percent (calculated based on the average market price of the past 15 business days (from 3 August 2020 to 21 August 2020) which is 8.08 Baht per unit).

Provided that the above projected distribution payment and capital return rate is merely a forecast based on assumptions and the average market price (15 working days), and is not a guarantee on the rate of return to the Trust Unitholders. In any case, the distribution payment and capital return rate will be depending on the final offering price.

Based on the above calculations, the case of utilizing the loans by HREIT as a part of the source of funding should increase the projected distribution payment and capital return rate to the Trust Unitholders as the Trust Unitholders would be beneficial from the interest rate of loans, which is a financial cost that is less than the rate of return on equity. However, HREIT may be exposed to the risk associated with the procuring for additional loans but HREIT will also have an opportunity to generate surplus revenue stream from the third Additional Investment Assets for the payment of interests from such loans.

In addition, the projected distribution payment and capital return rate of HREIT in case of utilizing the loans is comparable to the rate of return of other real estate investment trusts investing in the same type of assets i.e. the leasable warehouse and factory buildings, and with the market capitalization of 3,000 million Baht or higher, with the details as follows:

Table of the Distribution Payment and Capital Return Rate

Securities Abbreviation	Asset value as of 30 June 2020 (Million Baht)	Average Market Price of 15 Business Days* <sup>1</sup> (Baht per unit)	Distribution Payment and Capital Return Rate (Total Distributable Yield Rate) (Percentage)* <sup>2</sup>	Distribution Payment Rate (Dividend Yield Rate) (Percentage)* <sup>3</sup>
Freehold and Leasehold				
FTREIT	40,803.46	14.26	4.66%	4.66%
WHART	39,020.19	14.88	5.12%	4.68%
AIMIRT	6,944.95	13.35	5.68%	5.68%
AMATAR	4,991.83	10.35	6.72%	6.72%
REIT investing in the leasehold right of 30 years and the entitlement to renewal of another 30 years				
HREIT	11,250.94* <sup>4</sup>	8.08	8.52%* <sup>5</sup>	7.67%* <sup>5</sup>
HREIT (In case there are <u>no</u> loans utilized for the investment in Additional Investment Assets No. 3)* <sup>6</sup>	11,250.94* <sup>4</sup>	8.08	7.91%	7.19%

**Remarks:** \*<sup>1</sup> Calculated based on the average market price of 15 working days (closing price) from 3 August 2020 to 21 August 2020

\*<sup>2</sup> The distribution payment and capital return rate (Total Distributable Yield Rate) of FTREIT, WHART, AIMIRT and AMATAR are calculated from the distribution payment and capital return over the past 1 year and the average market price of trust units over the 15 working days from 3 August 2020 to 21 August 2020.

\*<sup>3</sup> The distribution payment rate (Dividend Yield Rate) is a rate of return exclusive of any capital returns from the announcement of capital return payment (if any).

\*<sup>4</sup> Based on the projection of HREIT's total assets after the investment in the third Additional Investment Assets in the amount of 11,250.94 million Baht, consisting of the existing HREIT's total assets of 9,913.24 million Baht (as of 30 June 2020 which is the closing date of the latest quarter of the financial statement) and the value of Additional Investment Assets No. 3 of not exceeding 1,337.70 million Baht (excluding VAT, registration fee and specific business tax, and other related fees and expenses to be borne by HREIT).

\*<sup>5</sup> Based on the projection in case of investing in the third Additional Investment Assets by HREIT at the total maximum amount of not exceeding 1,337.70 million Baht, the projected distribution payment and capital return for the Year from 1 January 2021 to 31 December 2021 at 0.69 Baht per unit (consisting of the distribution payment of 0.62 Baht and capital return of 0.07 Baht) and the average market price of 15 business days from 3 August 2020 to 21 August 2020 at 8.08 Baht per unit are merely an illustration of projection, and a result of which could not be guaranteed.

\*<sup>6</sup> Adjusted projection in case of investing in the third Additional Investment Assets by HREIT without any additional loans utilized, which is merely an illustration of projection, and a result of which could not be guaranteed.

### 1.3.6 Nature of benefit procurement

The Company, as the REIT Manager, aims to generate an appropriate and long-term sustainable rate of return on investment for the Trust Unitholders. After the investment in the third Additional Investment Assets by HREIT and being the holder of leasehold rights in the land and factory and warehouse buildings, the REIT Manager has a policy to lease out the Additional Investment Assets No.3 to tenants, whereby the REIT Manager will engage WHAID, who is experienced and expert in managing assets in the type of factory and warehouse, to act as the Property Manager with the duty to procure for customers who intend to receive services and/or rent the property's area, to negotiate the terms of contract with prospective customers, and to conduct marketing and promotion activities by contacting the targeted customers directly or through various brokers. The investors may study further details from **3.2.3. Benefit Procurement from Immovable Property** in Part 2.

### 1.4 Borrowings

The total amount of current loans of HREIT as at 30 June 2020, which is the closing date of the latest quarter of the financial statement, is 3,320,000,000 Baht, equivalent to 33.49 percent of the total asset value of HREIT. When combining with the projected long-term loans for the investment in the third Additional Investment Assets and for other expenses in the amount not exceeding 650,000,000 Baht, the loan ratio of HREIT will be at approximately 35.29 percent of the total asset value of HREIT after the investment in the third Additional Investment Assets. Such loan ratio is compliant with relevant regulations where HREIT can leverage not exceeding 35 percent of the total asset value or up to 60 percent of the total asset value if HREIT is rated with a credit rating level in the investment grade based on the latest rating by a credit rating agency approved by the Office of the SEC not more than 1 year before the loan is made, and HREIT was rated with a credit rating level in the investment grade of BBB+ on 14 August 2020. In any case, HREIT has complied with the terms and conditions of loan agreements. The investors may study further details on the loan facility and opinion of the REIT Manager on the borrowings from **3.2.1.10 Borrowings of HREIT in Part 2**.

### 1.5 Projection of income and expense of HREIT for a period of 12 month after the investment in the third Additional Investment Assets

The information in this part is not historical fact and is a forward-looking statement based on several assumptions as set out in the "Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021" and is subject to certain risks and uncertainties, which may cause the actual results to be significantly different than the projection. In any case, the Company and the Financial Advisor do not represent or warrant the information in this part nor represent or warrant the forecasts under assumptions as specified in the projection, nor would they guarantee that the projection will be achieved, likely to be achieved

or be accurate, as the information is prepared under the assumptions anticipated during the preparation of the financial information report based on the hypothetical scenario only.

The actual return and distributions to the Trust Unitholders may differ from the return and distributions to the Trust Unitholders as specified in the projection of HREIT. In addition, the Projected Income and Distribution Statements will not be adjusted for any incidents occur after the date of this document.

The information in this part is based on several assumptions, and the assumptions and projection are subject to uncertainties and risks from business, economy, politic and various material competition, which could not be controlled by the Company and the Financial Advisor; and based on the assumptions of future business decision which may be changeable. For these reasons, the Company and the Financial Advisor do not represent that the assumptions would occur, and the financial information forecasted in this document may be significantly different than the actual results. The investors should be cautious in using the projected information in this section.

	Existing Assets Million Baht	Assets after the Additional Investment No.3 Million Baht
Rental and service income	686.85	788.98
Other income	0.95	1.09
Total income	687.80	790.07
Property management related-expenses	47.52	52.61
Net property income	640.28	737.46
Management fee and REIT management expense	40.66	44.80
Amortization of issuance costs of Trust Units	12.04	12.04
Issuance and offering costs of Trust Units for the investment in the third Additional Investment Assets	-	44.13
Interest expenses	114.62	123.22
Net profit available for distribution payment	472.96	513.27
<u>Add back (deduct)</u> Non-cash rental and service income	0.30	(0.29)
<u>Deduct</u> Deferred property management fee	(1.30)	(1.30)
<u>Add back</u> Interest payable and prepaid bank fees	3.82	22.48
Net cash available for distribution payment	475.78	534.16
<u>Add back</u> Excess liquidity from amortization of issuance cost of Trust Units	12.04	12.04

	Existing Assets Million Baht	Assets after the Additional Investment No.3 Million Baht
<u>Add back</u> Excess liquidity from issuance and offering costs of Trust Units for the investment in the third Additional Investment Assets	-	44.13
<u>Deduct</u> Value added tax payable	(3.69)	(2.23)
Net cash available for distribution payment and capital return	484.13	588.10
Projected distribution payment and capital return rate (percentage)	97.00	97.00
Projected net cash available for distribution payment and capital return	469.61	570.45
Projected distribution payment and capital return <sup>2</sup>		
- Distribution payment	469.61	558.41
- Capital return	-	12.04
Distribution payment and capital return	469.61	570.45
Amount of Trust Units (million units) <sup>1</sup>	702.63	828.73
Projected distribution payment and capital return per unit		
- Distribution payment per unit	0.67	0.67
- Capital return per unit	-	0.02
Distribution payment and capital return per unit	0.67	0.69

**Remarks:** <sup>1</sup> The amount of Trust Units is an illustration for the purpose of calculation only. The final issuing and offering number of Trust Units may be more, less or equal to this projection.

<sup>2</sup> The projected distribution payment and capital return is subject to an assumption that as of 31 December 2020, HREIT will have sufficient retained earnings to make a payment from excess liquidity in a form of distribution payment during 2021. However, this distribution payment and capital return rate are subject to an adjustment. In any case, the form of distribution payment and capital return shall be in accordance with the rules set forth by the Office of the SEC.

The projected distribution payment and capital return for the Year from 1 January 2021 to 31 December 2021 above is prepared based on the significant assumptions under the "Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021" that the Company deems it appropriate and reasonable as at the date of preparation, and the certified public auditor has not found any grounds to believe that those assumptions used for the preparation of Projected Income and Distribution Statements are not reasonable. However, investors should consider those assumptions as well as the Projected Income and



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Distribution Statements, and make their own assessment of HREIT's future performance. In any case, please see additional details in the "Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021".

In this regard, the Company has prepared the projected return for the full year of 2021 i.e. from 1 January to 31 December 2021, and requested for an extension to prepare the projected return for the year 2020 as the Company expected that the investment in the third Additional Investment Assets would be completed by 1 January 2021, approximately December 2020. Therefore, the projected return for the year 2020 will be prepared for the return from the third Additional Investment Assets under HREIT's structure for a projection period of only approximately 1 month, which could not reflect the full-year projection of return from the third Additional Investment Assets. As a result, the projection for the year 2021 is prepared to reflect the full-year projection of return from the Additional Investment Assets for a consideration by the investors.

Based on the Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021, in the event that, as of the investment date in the third Additional Investment Assets by HREIT, the 2 buildings i.e. 1) the building D.46 of WHA Eastern Seaboard Industrial Estate 1 Project (WHA ESIE 1) with an area of approximately 3,260 square meters and 2) the building B.10 of WHA Logistics Park 2 Project (WHA LP 2) with an area of approximately 5,124 square meters (the total area of the two buildings is approximately 8,384 square meters) are under the process of tenant procurement and HREIT could not procure for tenants during such period, the asset owners are required to compensate revenue to HREIT under the draft of Undertaking Agreement made with the asset owners for the amount of approximately 16.6 million Baht, or equivalent to approximately 2.1 percent of the rental and service income according to the Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021.

In any case, when calculating the distribution payment rate from the projected adjusted net profit based on the Circular Letter of Office of the SEC No. SEC.JorTor.(Wor) 13/2556 (2013) Re: Submission of the Notification on Infrastructure Fund and Property Fund and the Stipulation of Net Profit Adjustment Items for a Calculation of Dividend Payment, the distribution payment rate for the current investment assets is equivalent to 98.7 percent of the adjusted net profit, and the projected distribution payment for the investment assets after the investment in the Additional Investment No. 3 is at 558.41 million Baht. HREIT will be able to make a distribution payment from the projected net profit in the amount of 513.27 million Baht and from its retained earnings in the amount of 45.14 million Baht. The distribution payment rate (payable from the projected net profit) is equivalent to 96.1 percent of the adjusted net profit.

	Existing Assets Million Baht	Assets after the Additional Investment No.3 Million Baht
Net profit available for distribution payment	472.96	513.27
<u>Add back (Deduct)</u> Non-cash rental and service income	0.30	(0.29)
<u>Deduct</u> Deferred property management fee	(1.30)	(1.30)
<u>Add back</u> Interest payable and prepaid bank fees	3.82	22.48
Adjusted net profit	475.78	534.16
Projected distribution payment	469.61	558.41
Adjusted net profit available for distribution payment to adjusted net profit ratio (Percentage)	98.7	96.1

For clarification by the Trust Unitholders to assess the projected yield during the 12-month projection period from 1 January 2021 to 31 December 2021 after the investment in the third Additional Investment Assets, the distribution payment and capital return are as detailed in the following table:

	Assets after the Additional Investment No.3 Baht	Projected Distribution Rate to Trust Unitholders (Percentage) <sup>/1</sup>
Projected distribution payment and capital return (Million Baht)	0.69	8.52
- Distribution payment	0.67	8.34
- Capital return	0.02	0.18

<sup>/1</sup> calculated from the average market price of 15 business days from 3 August 2020 to 21 August 2020 at 8.08 Baht per unit

The Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021 is a projection of the distribution payment and capital return based on the net cash available for distribution payment and capital return. Considering the six-month financial statements of HREIT ended 30 June 2020, HREIT has sufficient retained earnings of 343.67 million Baht available for the distribution payment.

## 1.6 Financial information and the past performance of immovable properties

Performance of the third Additional Investment Assets for the year ended 31 December 2018 – 2019 and the six-month period ended 30 June 2020 are as follows:

Item	31 Dec 18	31 Dec 19	30 Jun 20
<b>Factory</b>			
Occupancy rate (Percentage) <sup>1</sup>	30.3	80.1	90.9 <sup>3</sup>
Average rental rate (Baht/sq./month)	159.4	175.6	177.7
Leasable area (sq.m.) <sup>2</sup>	35,866	35,866	35,866
<b>Warehouse</b>			
Occupancy rate (Percentage) <sup>1</sup>	-	100.0	42.4 <sup>4</sup>
Average rental rate (Baht/sq.m./month)	-	150	150
Leasable area (sq.m.)	3,777	3,777	8,901 <sup>4</sup>
<b>Factory and warehouse</b>			
Occupancy rate (Percentage) <sup>1</sup>	27.4	82.0	81.3 <sup>5</sup>
Average rental rate (Baht/sq.m./month)	159.4	172.6	174.8
Leasable area (sq.m.) <sup>2</sup>	39,643	39,643	44,767
<b>Income structure</b>			
Rental income	12.5	28.7	22.7
Service income	8.3	19.2	15.2
Total income	20.8	47.9	37.9
Building reparation and maintenance costs <sup>6</sup>	2.4	4.7	-

Remarks : <sup>1</sup> The occupancy rate is calculated as of the ending date only

<sup>2</sup> The leasable area is exclusive of the third Additional Investment Assets under the construction as at the end of the period i.e. 1 unit of factory building, namely Unit Z62+Z62B with the leasable area of approximately 3,360 square meters, provided that if the calculation is including the area of Unit Z62+Z62B, which is expected to be completed before the investment date, the total leasable area of factory to be invested by HREIT will be 39,226 sq.m. and the total leasable area of assets to be invested by HREIT will be 48,127 sq.m.

<sup>3</sup> The occupancy rate of the factory is exclusive of 1 unit of the third Additional Investment Assets under the construction as at the end of the period is Unit Z62+Z62B, provided that if the calculation is including the area of Unit Z62+Z62B, which is expected to be completed and occupied before the investment date, the projected occupancy rate of the factory as at the investment date is 91.7 percent.

<sup>14</sup> Inclusive of the area of warehouse building, Unit B10, with the leasable area of approximately 5,124 square meters, whereby the construction of which was completed and the certificate of building construction (Aor.6) for which has obtained on 22 May 2020; and currently under the process of tenant procurement.

<sup>15</sup> The occupancy rate of the factory and warehouse is exclusive of 1 unit of the third Additional Investment Assets under the construction as at the end of the period, namely Unit Z62+Z62B, provided that if the calculation is including the area of Unit Z62+Z62B, which is expected to be completed and occupied before the investment date, the projected occupancy rate of the factory and warehouse as at the investment date is 82.6 percent. It is expected that there will be 2 units under the process of tenant procurement, namely the detached building factory, Unit D46, with the leasable area of approximately 3,260 square meters and the warehouse building, Unit B.10, with the leasable area of approximately 5,124 square meters.

<sup>16</sup> Building repairation and maintenance costs are consisting of the preventive maintenance cost, general building repairation cost, security personnel wages, electricity bill, common area fee and cleaning fee.

In any case, the details of performance of the Additional Investment Assets No.3 before the investment by HREIT for the year ended 31 December 2018 – 2019 and the six-month period ended 30 June 2020 area are disclosed in the section of the **Past Performance of Additional Investment Assets No. 3 of 3.2 the third Additional Investment Assets** in Part 2.

#### 1.7 Fees and Expenses Collected from HREIT

Fees and Expenses Collected from HREIT	Ceiling % of NAV per Annum or After Each Transaction (excluding VAT)	Expected Expenses of HREIT (excluding VAT)
1. REIT Manager fee		
(a) REIT Manager fee	0.75%	Not exceeding 0.25% of the total asset value of HREIT, with the minimum amount of 12.5 million Baht per annum
(b) Acquisition/Disposal fee of HREIT's assets	Actual amount	<u>In case of an acquisition of assets from related persons of the REIT Manager</u> Not exceeding 0.75% of the value of asset acquired

Fees and Expenses Collected from HREIT	Ceiling % of NAV per Annum or After Each Transaction (excluding VAT)	Expected Expenses of HREIT (excluding VAT)
		<p>In case of an acquisition of other assets Not exceeding 1.00% of the value of asset acquired</p> <p>In case of a disposal of assets Not exceeding 0.50% of the value of asset disposed of</p>
2. Trustee fee and custodian fee	0.75%	Not exceeding 0.25% of the total asset value of HREIT with the minimum amount of 8 million Baht per annum
3. Registrar fee	0.50%	Not exceeding 0.50% per annum of the registered capital of HREIT
4. Property Manager fee		
(a) Property Management fee		1.75% of operating income in Year 1 - 5 5% of operating income in Year 6 - 10
(b) Commission fee (1) Renewal of existing tenants - Lease agreement with a term not less than 3 years - Lease agreement with a term less than 3 years  (2) Execution of contract by new tenants - Lease agreement with a term not less than 3 years - Lease agreement with a term less than 3 years	3.00%	0.5 month  Not exceeding 0.5 month (calculated from the actual lease term divided by 3 years)  1 month  Not exceeding 1 month (calculated from the actual lease term divided by 3 years)

Fees and Expenses Collected from HREIT	Ceiling % of NAV per Annum or After Each Transaction (excluding VAT)	Expected Expenses of HREIT (excluding VAT)
(c) Monitoring fee of reparation, renovation, construction, modification and development of properties	Actual amount	Not exceeding 2.0% of the value of reparation, renovation, construction, modification and development (In case the REIT Manager appoints the Property Manager to proceed)
(d) Underwriting fee of the Trust Units	3.00%	Not exceeding 3.00% of the value of the Trust Units offered for sale
5. Fees for loan procurement and issuance of instruments of the same nature	Actual amount	Actual amount
6. Insurance expenses	0.50%	Actual amount
7. Other expenses e.g. the annual fees and expenses for maintaining the listed securities status, counsel fees, marketing and public relations expenses in case of a fundraising	-	Actual amount or as stipulated in 2.2.10 Expenses Collected from HREIT in Part 2

#### 1.8 Conditions to Cancel the Second Capital Increase

The REIT Manager will cancel the fundraising for the purpose of capital increase in any of the following events:

- 1) The distribution of the trust unitholding is not compliant with regulations of the Stock Exchange of Thailand on the listing of Trust Units as the listed securities;
- 2) The value of subscribed Trust Units together with the amount of loans from third party (if any) are insufficient for the investment in the third Additional Investment Assets;
- 3) The allocation of the Trust Units to any person, persons of the same group, the settlors, the Trustee, the REIT Manager or foreign investors is not compliant with the ratio or the rules prescribed, and it could not be rectified;
- 4) The proceeds from the offering of Trust Units for sale could not be completely transferred to the Trustee within 15 business days from the closing date of the offering of Trust Units for sale;

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- 5) Upon an event of force majeure, a substantial change in financial laws, economy, securities market conditions, or domestic or international politics, or a substantial change with an impact on the third Additional Investment Assets;
  - 6) Upon an event, which causes the Office of the SEC or a government agency to cease or order a suspension of the offering or when the offering securities could not be delivered; and
  - 7) Upon any other event in accordance with those conditions of termination clause as specified in the Underwriting Agreement.

#### 1.9 Conditions of income compensation

During a period of the first 3 years from the investment date in the third Additional Investment Assets by HREIT, the owners of the third Additional Investment Assets agree to compensate HREIT the rental and service income (collectively referred to as the "rental") in case the third Additional Investment Assets are unoccupied or compensate a rental short of the minimum rental rate to HREIT, provided that the minimum rental rate that the owners of the third Additional Investment Assets agreed to compensate could be classified by the type of leased properties as follows:

	Additional Investment Assets No. 3
Compensation per square meters per month (Baht)	
- Attached building factory	164
- Detached building factory	189
- Warehouse building	150

Provided that, the above compensation shall not apply to the lease agreements and service agreements executed before the investment date in the third Additional Investment Assets by HREIT (Please see the conditions of income compensation and additional details in **3.2.1.9 Summary of the draft agreements relating to the third Additional Investment Assets** in Part 2).

#### 1.10 Analysis of the financial abilities of WHAID and/or owners of the third Additional Investment Assets

As WHAID and/or owners of the third Additional Investment Assets will enter into as the party to the lease agreement and the Undertaking Agreement for a compensation of rental income to HREIT from the unoccupied properties in the third Additional Investment Assets and a compensation for a rental short of the minimum rental rate to HREIT, including the cost of renovation/replacement of property and the payment of land and building tax in relation to the third Additional Investment Assets for the first 3-year period from the investment date in the third Additional Investment Assets by HREIT. Therefore, the Financial Advisor and the

REIT Manager have considered the financial abilities of WHAID in its performance under the Undertaking Agreement as a co-party with the owners of the third Additional Investment Assets.

Obligation of rental income compensation under the Undertaking Agreement for a period of approximately 1 year

Item	Value (million Baht)
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) <sup>1</sup>	3,244.33
Projected obligation of rental income compensation under the Undertaking Agreement by the owners of the current investment assets and the third Additional Investment Assets to HREIT in 2021 <sup>2</sup>	28.49

Remarks <sup>1</sup> Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the latest 12-month period until the 2<sup>nd</sup> quarter ended 30 June 2020

<sup>2</sup> Projected obligation of rental income compensation under the Undertaking Agreement from the current investment assets and the third Additional Investment Assets for the 12-month period based on the Projected Income and Distribution Statements for the Year from 1 January 2021 to 31 December 2021

When comparing the Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the latest 12-month period until the 2<sup>nd</sup> quarter ended 30 June 2020 with the projected obligation of rental income compensation under the Undertaking Agreement as per the above table, it is evident that WHAID has sufficient Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the payment of such financial obligations. In addition, the Interest-Bearing Debt-to-Equity Ratio of WHAID as of 30 June 2020 at 0.8 could be illustrated that the financial status of WHAID is in a stable condition.

Furthermore, as WHAID was rated with a credit rating level of A- (Negative) based on the rating by TRIS on 27 September 2019, it is expected that the owners of the third Additional Investment Assets will be financially capable of complying with such agreements.

Please see the analysis of financial abilities of WHAID and/or owners of the third Additional Investment Assets in 3.2.2.8. Analysis of the financial position, performance and ability of WHAID and/or owners of the third Additional Investment Assets in rental payment undertakings under the relevant Undertaking Agreement in Part 2.

## 2. Major Risk Factors on Investing in the Trust Units

Investment in Trust Units involves certain risks. Investors are advised to carefully consider the risk factors before making an investment decision. This section illustrates only a summary of risk factors from



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the investment in the Trust Units. Please see further details of risk factors as specified in 2.1.5. Risk factors in Part 2 of this Registration Statement Form.

2.1 Risks involving HREIT or the operation of HREIT

- 2.1.1 The assumptions in the Projected Income and Distribution Statements are uncertain and subject to uncertainties and risks from business, economy, finance, relevant regulations and competition, which may cause the actual operating results to be significantly different than the projection and affect the value of HREIT's investment thereby;
- 2.1.2 Risks from the dependence of HREIT's performance on the capabilities of REIT Manager and Property Manager in managing and generating benefits from the main assets of HREIT;
- 2.1.3 Risks from HREIT's loss of the REIT Manager and/or Property Manager or the REIT Manager and/or the Property Manager's loss of executives and personnel with an expertise in benefit procurement from immovable property;
- 2.1.4 Risks relating to a procurement of rental during the 30-year renewal period and risks from a potential failure to renew lease agreements for another 30 years;
- 2.1.5 Risks associated with a potential conflict of interests;
- 2.1.6 The dependence of HREIT's revenue on the financial statuses of tenants and their decisions to renew the lease and service agreements upon the expiration thereof;
- 2.1.7 Risks from a resistance of tenants to enter into a lease agreement and service agreement with HREIT;
- 2.1.8 Risks from HREIT's inability to utilize assets in the projects due to a failure by the counterparty to comply with those agreements on the investment and management of HREIT's properties;
- 2.1.9 Risks concerning damages from a modification or installation of the solar rooftop equipment and from the business operation of solar rooftop power projects by WHA Utilities and Power Public Company Limited;
- 2.1.10 Risks associated with the asset owners' entitlements to a construction of expandable area in those areas connecting to the main assets of HREIT;
- 2.1.11 Potential risks arising out of the borrowings by HREIT;
- 2.1.12 The dependence of HREIT on the asset owners or persons appointed by the asset owners for provision of certain utilities services;
- 2.1.13 Risks from HREIT's inability to procure for tenants after the expiration of the undertaking period of rental compensation;
- 2.1.14 Risks from the compensation of rental short of the minimum rental rate in accordance with the Undertaking Agreement; and
- 2.1.15 Risks from the outbreak of coronavirus disease 2019 (COVID-19).

- 2.2 Risks concerning the main assets of HREIT
  - 2.2.1 Risks from the intense competition which may affect the tenant procurement, occupancy rate and rental rate;
  - 2.2.2 Risks from the concentration of tenants and/or their industries and/or their nationalities in the main assets of HREIT;
  - 2.2.3 Risks associated with the tenant procurement by HREIT closing to the expiration of lease term;
  - 2.2.4 Potential defect, violation of laws and regulations, or other impairment on the third Additional Investment Assets;
  - 2.2.5 Risks in an event that the appraised value of the invested immovable properties as appraised by the appraisers does not reflect the accurate representation of its value and it could not be assured that the investment price will be in line with the appraised value whether at the present or in the future;
  - 2.2.6 Risks from an investment in immovable properties by HREIT potentially at the price higher than its appraised value as appraised by the appraisers, which may contribute to a loss from impairment of assets in terms of accounting and a potential necessity of capital decrease by HREIT for a distribution payment to the Trust Unitholders;
  - 2.2.7 Risks from the investment in leasehold rights of immovable properties where the value of which decreases over time based on the remaining lease term;
  - 2.2.8 Risks from a deterioration of buildings in its benefit procurement during the term of leasehold right, including any renewal thereof, and/or risks from insufficient reserves for reparation or major renovation of the main assets of HREIT; and
  - 2.2.9 Risks associated with the license for land utilization and business operations in industrial estate.
- 2.3 Risks concerning the investment in immovable properties
  - 2.3.1 Common risks from the investment in immovable properties;
  - 2.3.2 A potential negative impact on HREIT from a liquidity shortage as a result of the investment in immovable properties and a lack of alternatives in its utilization of main assets;
  - 2.3.3 Political risks;
  - 2.3.4 Changes in the accounting standard or relevant laws;
  - 2.3.5 Risks of expropriation on the investment assets of HREIT;
  - 2.3.6 Risks from potential incurring of additional immovable property-related expenses and other operational expenses on those immovable properties under the possession of HREIT;

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- 2.3.7 Risks from the inadequate coverage of HREIT's economic losses from an insurance compensation and risks from the loss of revenue in the event of a damage during constructions; and
  - 2.3.8 Risks arising from natural disasters, flood, and terrorism.
- 2.4 Risk concerning the investment in Trust Units of HREIT
- 2.4.1 A potential decline of trading price of the Trust Units in the secondary market to a price lower than the offering price of Trust Units in this time;
  - 2.4.2 Changes in tax policies concerning the investment in the Trust Units of HREIT;
  - 2.4.3 The Trust Units' condition of being non-redeemable by the Trust Unitholders;
  - 2.4.4 A potential decline in the Trust Units' value in case if the offering price of additional Trust Units is less than the Trust Units' value prior to the offering;
  - 2.4.5 A potential negative impact on the market price of Trust Units from the significant sales of Trust Units by WHAID and/or WHAID's associated persons in the future;
  - 2.4.6 The capital return from the dissolution of HREIT may be less than the invested amount in this offering of additional Trust Units by the Trust Unitholders;
  - 2.4.7 Risks from a cancellation of the offering of Trust Units for sale in its entirety;
  - 2.4.8 Risks arising from the control dilution on existing Trust Unitholders; and
  - 2.4.9 Risks concerning the listing of Trust Units as the listed securities and the trading of Trust Units on the SET.