

(Translation)

Opinion of the Company on the Tender Offer for Securities
("Form 250-2")
of

Thai Property

Thai Property Public Company Limited

The Offeror:

PROPERTY PERFECT

Property Perfect Public Company Limited

The Independent Financial Advisor of Securities Holders:

Sage Capital

Sage Capital Limited

May 6, 2015

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Opinion of the Company on the Tender Offer for Securities

May 6, 2015

To Securities Holders of Thai Property Public Company Limited

On April 27, 2015, Thai Property Public Company Limited (hereinafter referred to as “the Business” or “the Company” or “TPROP”) received a copy of the tender offer proposal to purchase securities of the Company (“Form 247-4”) from Property Perfect Public Company Limited (“the Offeror” or “PF”), the details of which are as follows:

| Type of securities | No. of securities offered to purchase | | No. of securities offered to purchase as % of | | Offer price per unit (Baht) | Value of tender offer (Baht) |
|---------------------------|---------------------------------------|---------------|---|------------------------------------|-----------------------------|------------------------------|
| | Shares/Units | Voting rights | Total securities sold of the Company | Total voting rights of the Company | | |
| Ordinary shares | 3,193,185,471 | 3,193,185,471 | 100.00 | 100.00 | 0.57 | 1,820,115,718.47 |
| Preferred shares | - | - | - | - | - | - |
| Warrants | - | - | - | - | - | - |
| Convertible debentures | - | - | - | - | - | - |
| Other securities (if any) | - | - | - | - | - | - |
| | | | Total | 100.00 | Total | 1,820,115,718.47 |

The tender offer period is a total of 25 business days from April 28, 2015 to June 5, 2015 between 9.00 a.m. and 4.00 p.m. of each business day of the Tender Offer Agent. Such offer price is the final offer which shall not be changed and such tender offer period is the final period which shall not be extended, unless the following conditions arise:

- The Offeror may reduce the offer price or extend the tender offer period if any event causing a severe damage to the status or assets of the Company occurs during the tender offer period, or in the event of unusual situation such as the announcement of extra public holidays during the tender offer period.
- The Offeror may change the offer or extend the tender offer period to compete with another offeror who has submitted a tender offer for securities of the Company during the tender offer period.

Moreover, the Offeror may cancel the tender offer upon the occurrence of any of the following events:

- At the end of the tender offer period, the aggregate number of shareholders of the Company who have accepted the tender offer being less than 75.00% of the total securities issued and sold of the Company; or
- Any event or action occurring after the submission of the tender offer by the Offeror to the Office of the Securities and Exchange Commission ("SEC"), but before the end of the tender offer period, which causes or may cause severe damage to the status or assets of the Company, where such event or action is not a result of the Offeror's action or action for which the Offeror is held liable; or
- Any action conducted by the Company after the submission of the tender offer by the Offeror to the SEC and before the end of the tender offer period, which has caused a dramatic decrease in value of the Company's shares; or
- Any action conducted by the Company which may impact the tender offer according to the notification of the Capital Market Supervisory Board regarding the action or omission to act which may affect the tender offer to purchase securities of the Company.

The Company has considered the tender offer proposal under Form 247-4 dated April 27, 2015, with due regard paid to the interest of the securities holders, and would like to render our opinion as follows:

1. The status of the Company in respect of past and projected operating results and assumptions used for projection

1.1 Company profile

1.1.1 History

Thai Property Plc. ("TPROP") was founded on January 15, 1985 under the name of "Rattana Real Estate Co., Ltd." to engage in real estate development business, including development of properties such as townhouse and single-detached house, as well as land development for sales. TPROP was approved to be a listed company on the Stock Exchange of Thailand ("SET") in 1994. On July 6, 2005, the Company registered a change of its name to "Thai Property Public Company Limited," using the stock symbol "TPROP." The Company currently has a registered capital of Baht 3,353,702,060, divided into 3,353,702,060 ordinary shares at a par value of Baht 1.00 per share, with a paid-up capital of Baht 3,193,185,471.

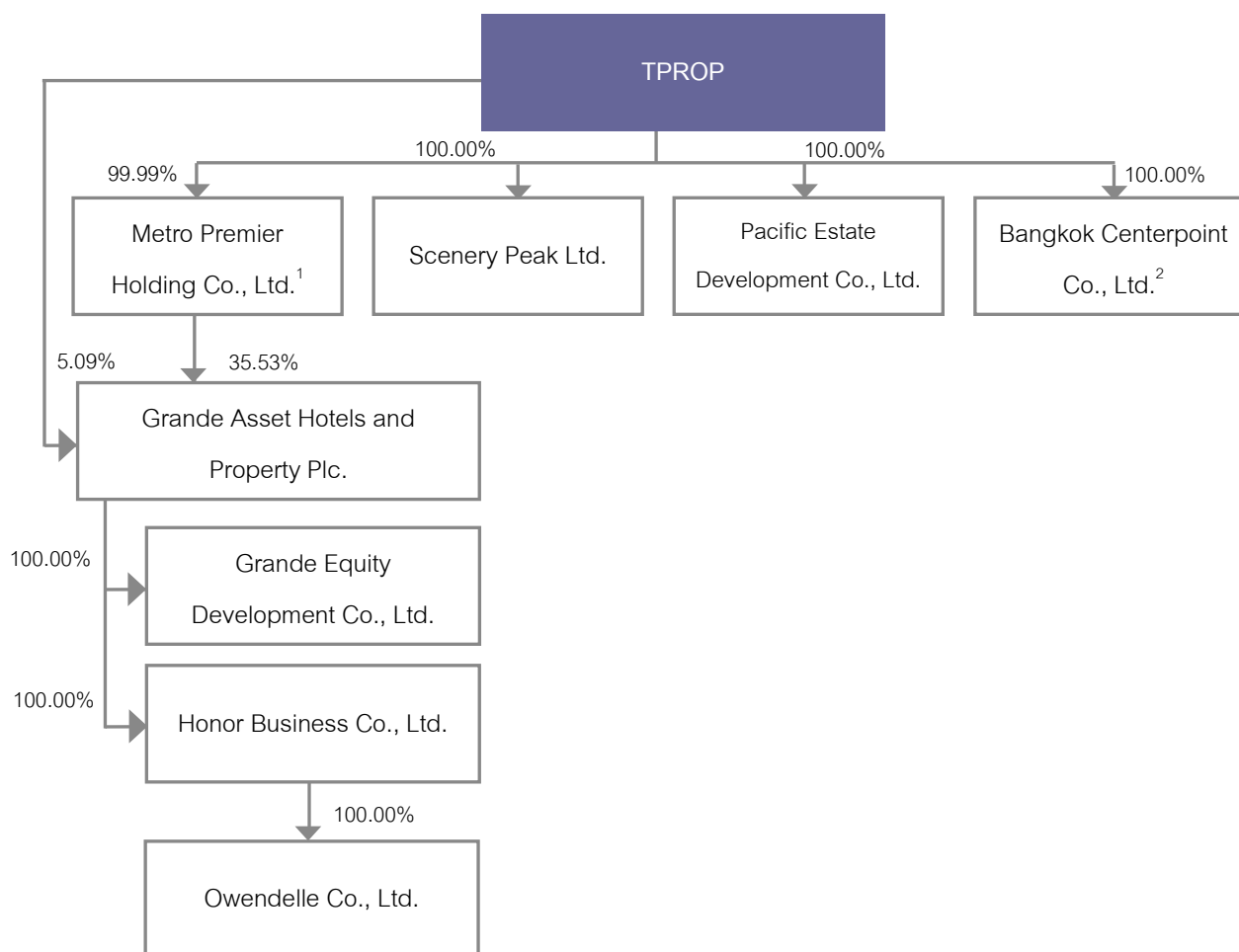
In the early stage, TPROP developed real estate projects under the name of "Sinthorn Project" and "Saranrom Project." In 1993, the Company developed a large shopping mall project located at Pratunam intersection in the name "Pratunam Center Project" which consisted of one shopping mall (Podium) and three towers. However, TPROP was hit by the economic crisis in 1997, thus resulting in the project being suspended. In 2002, the Company decided to transfer the leasehold right of land and buildings of such project to Great China Millennium (Thailand) Co., Ltd. to complete the building construction. In return for this, the Company received compensation in form of cash and leasehold right of a shopping complex worth Baht 1.5 billion, preferred shares in a joint venture company totaling Baht 300 million, and leasehold right of Tower B building in Pratunam Center Project.

In October 2010, the Company closed the deal in making full divestment of its shares in Great China Millennium (Thailand) Co., Ltd., including preferred shares and leasehold right of condominium. In addition, the Company received the remaining debt repayment according to the reciprocal agreement from Great China Millennium (Thailand) Co., Ltd. It therefore used the proceeds from such divestment and debt repayment for investing in ordinary shares and right to claims on principal and interest of promissory notes issued by Pacific Estate Development Co., Ltd. ("PED") and also for purchasing ordinary shares in Grande Asset Hotels and Property Plc.

As the Company suffered severe liquidity shortage and recorded operating losses for over three consecutive years with negative net worth, it has currently faced a possible delisting and been moved to the Non Compliance and Non Performing Group (NC & NPG) in stage 3 as per the SET notification since July 3,

2006. However, the SET allowed an extension of the period for rectifying causes of delisting until March 31, 2015.

1.1.2 Structure of the group



Note:

- 1 The Board of Directors of the Company passed a resolution on February 24, 2014 to accept the entire business transfer of Metro Premier Holding Co., Ltd. and then to dissolve and liquidate Metro Premier Holding Co., Ltd. of which the process is currently underway.
- 2 The Board of Directors of the Company passed a resolution on February 24, 2014 to dissolve and liquidate Bangkok Centerpoint Co., Ltd. The company liquidation was already registered with Ministry of Commerce on January 23, 2015.

Profile of subsidiaries and related companies

| Company name | Nature of business | Registered capital (Baht million) | Paid-up capital (Baht million) | Shareholding proportion (%) |
|----------------------------|---------------------------------|--------------------------------------|-----------------------------------|--------------------------------|
| Pacific Estate Development | Rental of two office buildings, | 600.00 | 600.00 | 100.00 |

| Company name | Nature of business | Registered capital (Baht million) | Paid-up capital (Baht million) | Shareholding proportion (%) |
|---|---|--------------------------------------|-----------------------------------|--------------------------------|
| Co., Ltd. ("PED") | i.e. One Pacific Place and Two Pacific Place | | | |
| Scenery Peak Ltd. ("SCP") | General investment | USD 50,000 | USD 50,000 | 100.00 |
| Bangkok Centerpoint Co., Ltd. ("BCP") ¹ | Management of space for sale and/or for rent | 5.00 | 5.00 | 100.00 |
| Metro Premier Holding Co., Ltd. ("MPH") ² | General investment | 5.00 | 5.00 | 99.99 |
| Grande Asset Hotels and Property Plc. ("GRAND") | Hotel business with the ownership of leasehold right of land and buildings of the Westin Grande Sukhumvit Hotel, rental of shopping plaza, and real estate development | 3,065.00 | 2,751.47 | 40.62 ³ |
| Grande Equity Development Co., Ltd. | Hotel business and real estate development | 250.00 | 250.00 | 100.00 ⁴ |
| Honor Business Co., Ltd. | Hotel business with the ownership right of land and buildings where Sheraton Hua Hin Resort and Spa Hotel is located | 500.00 | 500.00 | 100.00 ⁴ |
| Owendelle Co., Ltd. | Hotel business with the ownership of leasehold right of land and buildings of Sheraton Hua Hin Pranburi Villas | 380.00 | 380.00 | 100.00 ⁵ |

Note:

- 1 The Board of Directors of the Company passed a resolution on February 24, 2014 to dissolve and liquidate Bangkok Centerpoint Co., Ltd. The company liquidation was already registered with Ministry of Commerce on January 23, 2015.
- 2 The Board of Directors of the Company passed a resolution on February 24, 2014 to accept the entire business transfer of Metro Premier Holding Co., Ltd. and then to dissolve and liquidate Metro Premier Holding Co., Ltd, of which the process is currently underway.
- 3 The shares are held by Metro Premier Holding Co., Ltd. at 35.53% and by the Company at 5.09% of the total paid-up capital.
- 4 The shares are held by Grande Asset Hotels and Property Plc.
- 5 The shares are held by Honor Business Co., Ltd.

1.1.3 Business overview

The Company has engaged in real estate development business since its inception, starting with the development of horizontal residential properties such as single-detached houses, townhouses and vacant land development for sale. The projects that have been completed are:

| Project | Status |
|--|--|
| 1. Sinthorn – Happy Land Projects (Saranrom 1, 2 and 3) | All projects have been completed and transferred. |
| 2. Sinthorn – Rangsit Projects (Saranrom 4, 5 and 6) | All projects have been completed and transferred. |
| 3. Sinthorn – On Nuch Project | The whole project has been completed and transferred. Part of the project was transferred to the creditors as debt payment according to the debt restructuring agreement due to the financial crisis in 1997. |
| 4. Sinthorn – Mahachai Project | The project was partially completed but not yet transferred. It was later transferred to the creditors as debt payment under the debt restructuring agreement due to the economic crisis in 1997. |
| 5. Pratunam Center Project | The project was partially completed. Later, the Company transferred ownership right on buildings and leasehold right of land to Great China Millennium (Thailand) Co., Ltd., a newly established joint venture company, to complete the construction. The Company, in return, received compensation in form of cash and leasehold rights of a shopping complex worth Baht 1.5 billion, preferred shares of the joint venture company totaling Baht 300 million, and leasehold right of Tower B building in the project. In October 2010, the Company closed the deal in making full divestment of shares in the joint venture company, including preferred shares and leasehold right of Tower B building. |

Currently, most of the Company's core businesses are operated through its subsidiaries, divided into three main business lines as detailed below:

(1) Office building for rent business

The Company operates this business through PED, its subsidiary which engages in rental business of two office buildings, namely One Pacific Place and Two Pacific Place, details of which are as follows:

| Description | One Pacific Place | Two Pacific Place |
|--|--|---|
| Location | No. 140 Sukhumvit Road, Klong Toei Sub-district, Klong Toei District, Bangkok 10110 | No. 142 Sukhumvit Road, Klong Toei Sub-district, Klong Toei District, Bangkok 10110 |
| Net office space for rent (square meter) | 16,012 | 21,563 |
| Occupancy rate | 96% | 99% |
| Rental rate (average) | Baht 493/square meter | Baht 511/square meter |
| Number of floors | 19 | 30 |
| Parking lot | 241 cars | 368 cars |

(2) Hotel business

The Company operates this business through GRAND, its subsidiary. There are three hotels in operation and one hotel under construction, details of which are as follows:

| Hotel | Status | Location | Type of hotel | No. of floors | No. of rooms | Average occupancy |
|---------------------------------------|--------------------|--|---------------|---------------|----------------|-------------------|
| The Westin Grande Sukhumvit Hotel | In operation | At the entrance to Sukhumvit Soi 19, Bangkok | 5-star hotel | 25 | 362 | 58% |
| Sheraton Hua Hin Resort and Spa Hotel | In operation | Cha-Am District, Phetchaburi Province | 5-star hotel | 2 | 240 | 64% |
| Sheraton Hua Hin Pranburi Villas | In operation | Pran Buri District, Prachuap Khiri Khan Province | 5-star hotel | 1 | 53 pool villas | 33% |
| Hyatt Regency Bangkok Sukhumvit Hotel | Under construction | At the entrance to Sukhumvit Soi 13, Bangkok | 4-star hotel | 28 | Approx 273 | N/A |

(3) Real estate development business

The Company operates this business through GRAND, its subsidiary whose four projects are on sale and/or developing as follows:

| Project | Status | Type of project | Location | No. of floors | No. of remaining rooms |
|-----------------------------|------------------------------------|-----------------------------|---------------------------|---------------|------------------------|
| Hua Hin Blue Lagoon Project | Under ownership transfer to buyers | Residential condominium | Cha-Am, Petchburi | 3 | 6 |
| The Trendy Project | Under ownership transfer to buyers | Commercial and office units | Sukhumvit Soi 13, Bangkok | 32 | 2 |
| Hyde Sukhumvit 13 Project | Under ownership transfer to buyers | Residential condominium | Sukhumvit Soi 13, Bangkok | 40 | 34 |
| Hyde Sukhumvit 11 Project | Under construction | Residential condominium | Sukhumvit Soi 11, Bangkok | 39 | 476 |

1.2 Revenue structure

| Revenue | December 31, 2012 | | December 31, 2013 | | December 31, 2014 | |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Baht million | % | Baht million | % | Baht million | % |
| Revenue from hotel business | 908.90 | 74.63 | 996.29 | 59.13 | 824.07 | 15.81 |
| Revenue from real estate development business | 29.31 | 2.41 | 209.52 | 12.43 | 4,045.45 | 77.61 |
| Revenue from rental and related service business | 233.37 | 19.16 | 245.42 | 14.57 | 273.24 | 5.24 |
| Surplus on equity interest in net fair value of subsidiaries | - | - | 147.92 | 8.78 | - | - |
| Other income | 46.29 | 3.80 | 85.80 | 5.09 | 70.07 | 1.34 |
| Total revenues | 1,217.86 | 100.00 | 1,684.96 | 100.00 | 5,212.83 | 100.00 |

1.3 Industry outlook

1.3.1 Office building for rent

During 2012 – 2014, the office building for rent business in Bangkok experienced continuous growth. In late 2014, the total rental area was 8.32 million square meters, increasing from the end of 2013 by 2.59% or

0.21 million square meters. According to the information from CBRE's property research center, the supply of office space for rent increased due to the completion of a multi-purpose building of the Royal Thai Army Radio and Television Channel 5, U Place building, Equinox the Office Place Phahol-Vibha building, AIA Capital Center building, and Hitachi office building. The occupancy rate was at 90.70% or 7.55 million square meters, up by 0.30% from the end of 2013. Business sectors, especially finance, insurance, telecommunication and e-commerce which have a large call center, have a strong demand for office building space and have been on a rising trend. As a result, the demand for office space has continuously increased while the new supply is limited.

Demand for and supply of office space for rent in central business district ("CBD"), i.e. Silom, Sathon, Surawong, Rama 4, Phloenchit, Witthayu, Sukhumvit, Asok, etc., and in non-CBD are summarized below:

| (Unit: Million square meters) | Total market | Total CBD | CBD grade A | Non-CBD |
|-------------------------------|--------------|-----------|-------------|---------|
| Rentable space | 8.32 | 4.10 | 1.20 | 0.55 |
| Occupied space | 7.55 | 3.73 | 1.13 | 0.51 |
| Vacancy | 0.77 | 0.37 | 0.07 | 0.04 |
| % of vacancy | 9.30% | 9.00% | 5.90% | 7.90% |

Source: CBRE Research

Prompted by the growing demand for office building for rent and the decrease in vacant space, some developers decided to construct new office buildings. In 2016, three office building projects will be completed with a total area of approximately 260,000 square meters, comprising Bhiraj Tower at EmQuartier which is a part of EmQuartier project by Bhiraj Buri Group located near BTS Phrom Phong station; FYI Center building which is adjacent to MRT Khlong Toei station having retail space and hotel in the project to accommodate two office buildings; and G Land Tower which is adjacent to MRT Phra Ram 9 station, located in G Land Complex which includes retail space, residential areas, and hotels. Most of these properties have been reserved in advance. In this regard, the vacancy of office building space in Bangkok will go up in the initial period and will be gradually and fully occupied later.

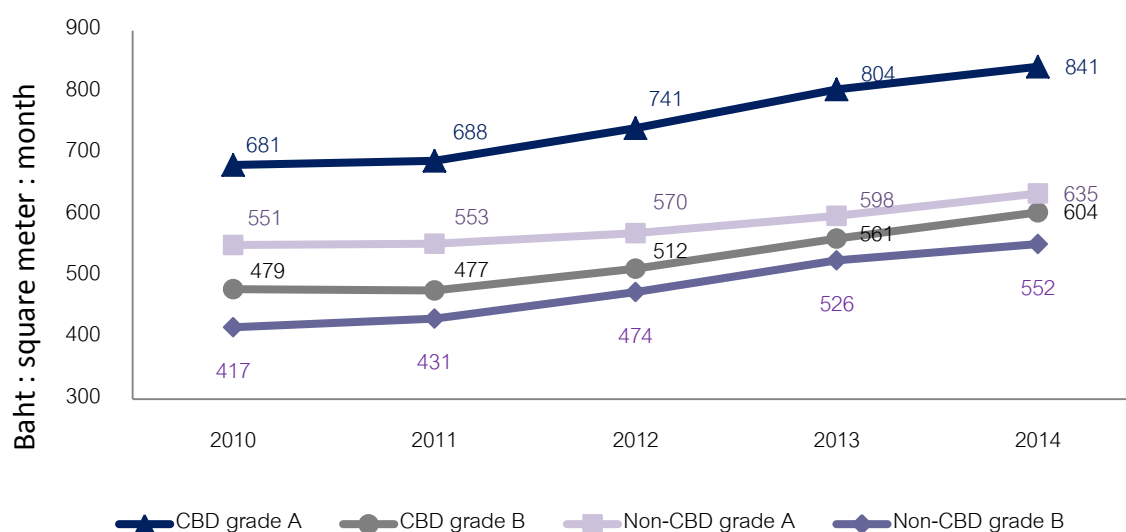
Rental rates of office buildings in Bangkok continuously increased, as follows:

- Average rental rate of grade A office buildings in CBD areas increased by Baht 37/square meter/month or 4.60% year-on-year from Baht 804/square meter/month in 2013 to Baht 841/square meter/month in 2014.

- Average rental rate of grade B office buildings in CBD areas rose by Baht 37/square meter/month or 6.19% year-on-year from Baht 598/square meter/month in 2013 to Baht 635/square meter/month in 2014.
- Average rental rate of grade A office buildings in non-CBD areas went up by Baht 43/square meter/month or 7.66% year-on-year from Baht 561/square meter/month in 2013 to Baht 604/square meter/month in 2014.
- Average rental rate of grade B office buildings in non-CBD areas increased by Baht 26/square meter/month or 4.94% year-on-year from Baht 526/square meter/month in 2013 to Baht 552/square meter/month in 2014.

The aforementioned rental rates were based on the rented space of 200 - 300 square meters. For the rented space of more than 1,000 square meters, the monthly rental rate may be lower than those rates by approximately 5% to 15% because the tenants of large office space will have more bargaining power than the tenants of smaller space. However, as a result of high occupancy but limited supply, it is unlikely that the rental rates will decrease despite the diminishing demand caused by political unrest situation.

Rental rates of office buildings in Bangkok



Source: CBRE Research

1.3.2 Hotel and tourism business

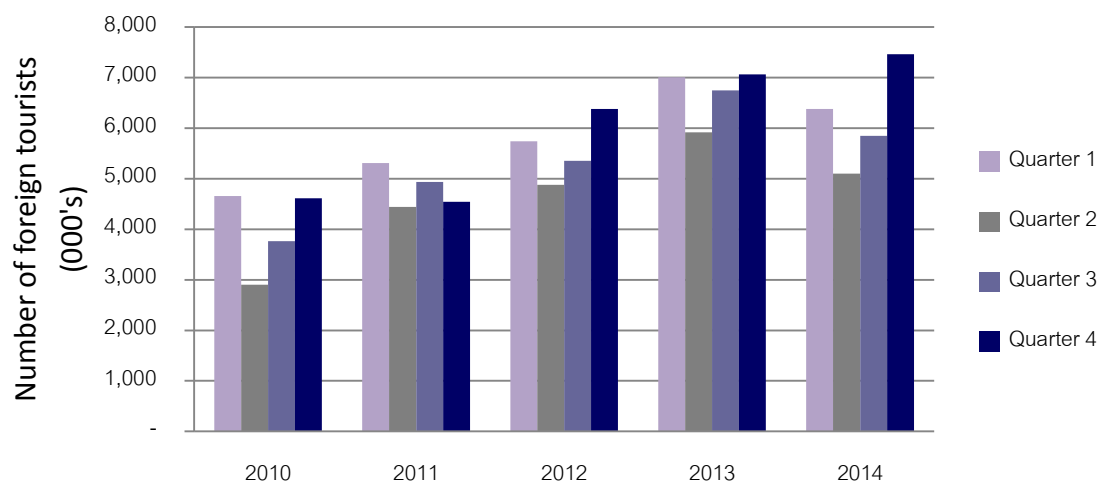
Hotel and tourism business plays a significant role in the country's revenue generation. In spite of some negative factors that could hit this business such as, among others, the political rally and the enforcement of the Emergency Decree on Public Administration in Emergency Situation, the number of foreign

tourists dropped only slightly. This was because the travel warnings of many countries were still mild. The number of foreign tourists in 2014 decreased year-on-year by approximately 6.66%. Most of them were Chinese visitors, accounting for roughly 18.66% of the total number of foreign tourists visiting Thailand in 2014. Summary of the number of foreign tourist arrivals in Thailand in 2014 is as follows:

| | No. of tourists | Y-o-y change |
|--------------|-------------------|---------------|
| Chinese | 4,623,806 | -0.29% |
| Malaysian | 2,644,052 | -13.06% |
| Russian | 1,603,813 | -8.17% |
| Japanese | 1,265,307 | -17.65% |
| Korean | 1,117,449 | -13.73% |
| Indian | 946,269 | -9.96% |
| Lao | 934,253 | -4.34% |
| British | 909,335 | 0.80% |
| Singaporean | 864,681 | -9.50% |
| Australian | 835,517 | -7.21% |
| Others | 9,035,286 | -4.91% |
| Total | 24,779,768 | -6.66% |

Source: Department of Tourism

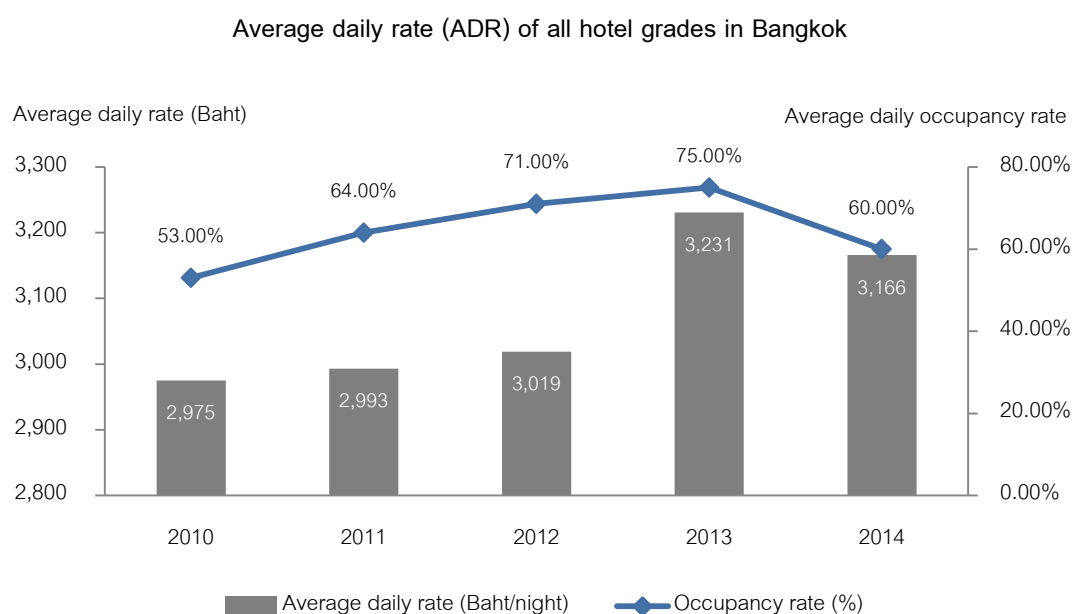
Number of foreign tourists by quarter during 2010 – 2014



Source: Bank of Thailand

The above statistics indicate that hotel and tourism business is seasonal in nature. Peak periods were in quarter 1 and quarter 4, while the number of guests gradually dropped in quarter 3 and quarter 2, except the irregularity in quarter 4 of 2011 when the flood crisis erupted and shook tourists' confidence.

In 2014, hotel and tourism business showed marginal growth due to the prolonged political turmoil and the enforcement of the Emergency Decree on Public Administration in Emergency Situation which caused many countries to heighten their warning against travel to Thailand. Nonetheless, the business operators still expected the business to grow due to a rising number of tourists in travel destinations in the provinces not directly related to the political demonstration. The below chart shows the average daily rate ("ADR") of all hotel grades in Bangkok which has been on a promising trend. The highest ADR growth was in 2013 after a stable increase over the past years, but later dropped in 2014 due to the enactment of the martial law and the seizure of administrative power.



Source: CBRE Research

Based on the Bank of Thailand's business outlook report, the tourism business in 2014 continuously shrank in quarter 2 and quarter 3 after the promulgation of the martial law and the military's seizure of administrative power which prompted many countries to raise their Thailand travel alert. The number of foreign tourists sharply dropped, especially those from Asia and the Middle East regions which were more sensitive to the incident. To cope with the circumstance, the aviation business operators therefore reduced the frequency of their flights. However, the number of tourists from Europe still expanded because most of them did not want to cancel the reservation of accommodations and tour programs. In addition, most of their travel destinations are in the northern and the southern parts of the country which are far from the

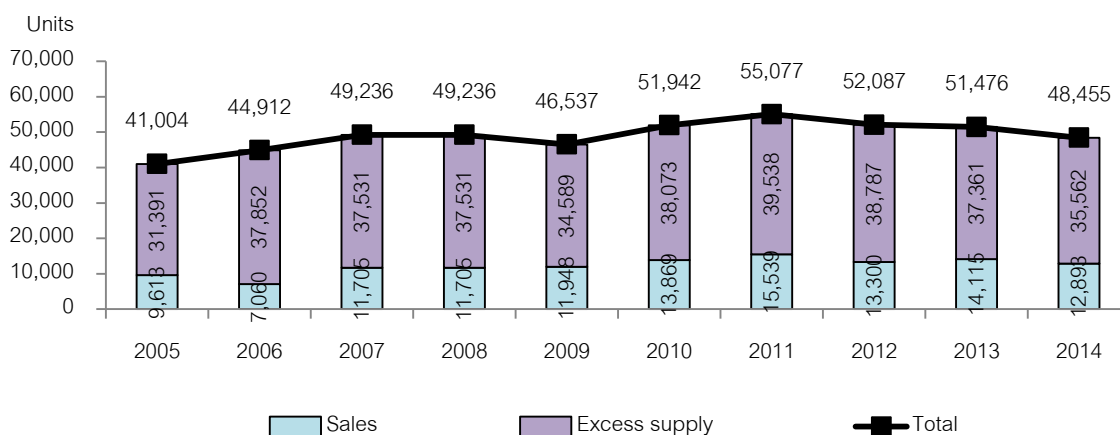
demonstration incident in Bangkok. In the last quarter of 2014, tourism business was in the improving trend, proven by the growing number of tourist arrivals after many countries gradually relaxed the travel warning to Thailand. Moreover, the last quarter was in winter (high season) and the foreign tourists began to understand the political situation in Thailand. CBRE forecasted that the number of available accommodations in Bangkok in 2017 would increase from the existing number by more than 15% or approximately 6,000 rooms to accommodate the expected rise in number of foreign visitors.

1.3.3 Real estate development business

Real estate market in the second half of 2014 remained affected by various risk factors since the year before, especially from political chaos. In early 2014, the political situation, which became severe and unclear, caused a slowdown in real estate investments and transactions. This was due to a lack of confidence among consumers and business operators in the economic condition and the country’s security. In addition, the rising household debts prompted commercial banks to become more stringent and prudent in their housing loan approval. Also, real estate market had still been impacted by investment factors, i.e. land price, labor cost, and building material cost which were on a rising trend. Nonetheless, the overall real estate market shows a promising future, helped by the loosened monetary policy which leads interest rates to stay at a low level; the decrease in energy price; the government’s investment policy in infrastructure projects; and the slowdown of investment in real estate sector over the past periods. The residential real estate development can be divided into two types, i.e. horizontal project such as single-detached house, duplex house and townhouse; and vertical project which is condominium.

Horizontal real estate projects

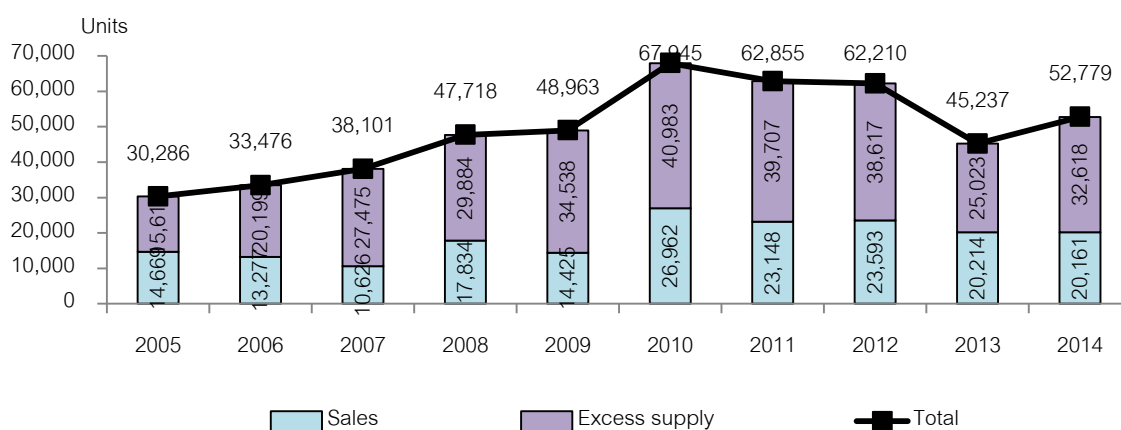
Total number of single-detached houses available for sale and number of units sold



Source: Research and Development Department, Plus Property Co., Ltd.

In 2014, the single-detached houses with prices ranging between Baht 3.00 million and Baht 4.99 million were the best-selling type of property, accounting for 43.08% of the total market, followed by the single-detached houses with prices between Baht 5.00 million and Baht 6.99 million, accounting for 28.88%, and those in the Baht 7.00 million - Baht 9.00 million price range, making up 14.13%. Total number of single-detached houses sold in 2014 was 12,893 units, decreasing by 1,222 units or 8.67%, while the accumulative supply dropped by 1,799 units or 4.82% to 35,562 units as a result of a slowdown in investments by business operators amid the unclear political situation in the first half of the year.

Total number of townhouses available for sale and number of units sold

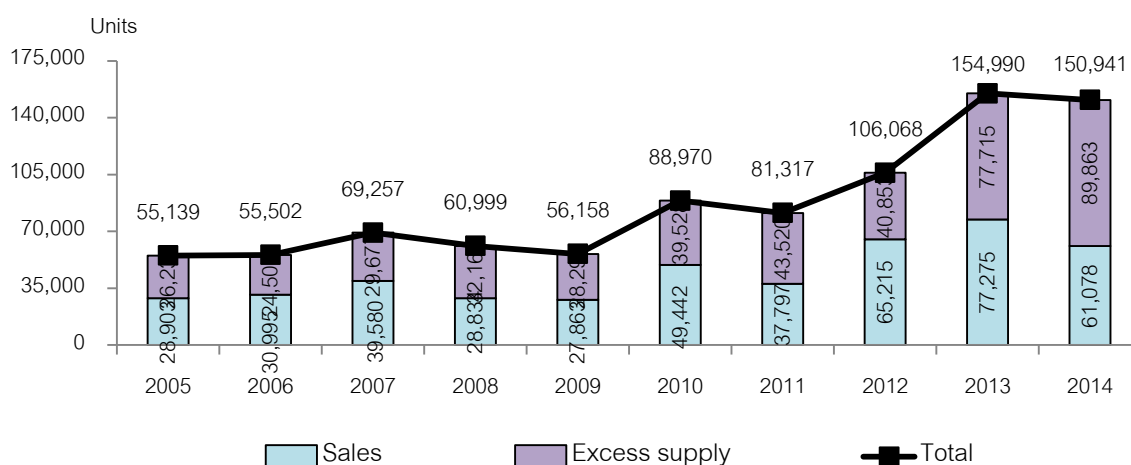


Source: Research and Development Department, Plus Property Co., Ltd.

In late 2014, townhouse market condition started to rebound, following the recovery of political situation. In addition, there were encouraging factors from public sector's investment in various projects and the retaining of interest rate at 2.00% to stimulate the economy. Townhouses with prices ranging between Baht 1.00 million and Baht 2.99 million were the best-selling units, accounting for 66.60% of the total market, followed by townhouses with prices between Baht 3.00 million and Baht 4.99 million, accounting for 23.75%, and those priced at Baht 5.00 million or more, amounting to 8.68%. For townhouses with prices below Baht 1.00 million, there were only 510 units for sale and the sales plunged by about 73.00% from the previous year. It might be because of the rising land price of townhome at such price level. In addition, as the projects were located far from the communities, it was difficult to develop; hence the drop in demand. Total number of townhouses sold in 2014 was 20,161 units, slightly decreasing year-on-year by 53 units or 0.26%. However, the accumulative supply rose by 7,595 units to 32,618 units thanks to the launches of many new townhouse projects during the year. The above information suggests that the trend of horizontal residential projects has shifted to the smaller and cheaper houses.

Vertical projects

Total number of condominium units available for sale and number of units sold



Source: Agency for Real Estate Affairs Co., Ltd.

The condominium market growth in 2013 was driven by continuous launches of new condominium projects throughout the year. The CBD areas such as Phloenchit-Chitlom and Silom-Sathon saw the sharpest growth in number of units sold, at approximately 31%, followed by Thon Buri and Sukhumvit areas at 26% and 9% respectively. The shrinkage in number of units sold were in Phayathai and outer Sukhumvit areas, resulting from difficulties in new land development, limited availability of vacant land, a substantial increase in land prices, etc. Demand for condominium units in 2013 continued to increase from 2012, as evident from the total sales in 2013 of 77,275 units, up by 11,060 units or 16.96% from 2012. Nevertheless, the sales growth was at a slower pace than that in the previous year. The accumulative supply in 2013 was 77,715 units, soaring by 36,862 units or 90.23% from 2012.

In 2014, ranking among the top in terms of highest numbers of units available for sale were Min Buri and Bang Sue areas, surging by 95% and 69% respectively. The sharpest decline was in CBD and Sukhumvit areas, dropping year-on-year by 49% and 32% respectively due to the limitation in land availability and excess supply. Total number of condominium units sold in 2014 was 61,078 units, decreasing year-on-year by 16,197 units or 20.96%, while the accumulative supply was 89,863 units, going up by 12,148 units or 15.63% from the previous year.

Real estate business outlook

Regarding the real estate business outlook in 2015, it is expected that the market will return to normal with a promising trend given there is no impact from political and economic risk factors. It is anticipated that

consumers will have confidence in making a buying decision. At the same time, developers will resume investments, particularly in condominium market which is expected to grow strongly in tandem with the development of electric train expansion projects. Real estate market in the future will likely benefit from the official advent of ASEAN Economic Community (AEC) in late 2015. As such, the residential housing and real estate growth will expand to big cities in the upcountry, whereas foreign investment in Thailand in real estate sector will also increase.

Nonetheless, the following specific factors may hinder the growth of real estate market:

- The drop in number of new real estate development projects because many developers had expedited the launch of new projects during the period when there were market-driving factors, resulting in excess supply especially in Bangkok
- More stringent credit approval for household sector following the higher concerns on credit quality coupled with the rising household debts, leading to a drop in consumers' purchasing power and ability to seek housing loans from financial institutions
- Tough competition which results in higher land prices and operating costs, thereby affecting residential prices and reducing consumers' bargaining power. According to Bureau of Trade and Economic Indices, the construction materials price index rose from 125.8 in 2013 to 129.5 in 2014. Some developers could not develop new projects at the price that matches with the consumers' requirement, especially projects along the electric train routes; resulting in a slowdown in new project development.
- Shortage of labors and contractors due to simultaneous launches of many construction projects coupled with the government's mega infrastructure projects, which will impact the closure period and quality of the projects

1.4 Shareholder structure

Top 10 shareholders of the Company according to the register book as of March 31, 2015, which is the latest book closing date to determine the list of shareholders who are entitled to attend the Annual General Meeting of Shareholders of the Company, are as follows:

| Name | As of March 31, 2015 | |
|------------------------------------|----------------------|-------|
| | No. of shares | % |
| 1. Ever Effort Finance Ltd. | 536,094,339 | 16.79 |
| 2. Miss Sumalee Wangprakobsuk | 526,882,075 | 16.50 |
| 3. Global Paragon Enterprises Ltd. | 502,811,320 | 15.75 |

| Name | As of March 31, 2015 | |
|--|----------------------|---------------|
| | No. of shares | % |
| 4. Mr. Pornchai Poomiwat | 359,500,000 | 11.26 |
| 5. DBS Bank Ltd. | 282,430,188 | 8.84 |
| 6. Mrs. Sumalee Ongjarit | 278,758,490 | 8.73 |
| 7. Miss Kodchaporn Udompholvanich | 70,000,000 | 2.19 |
| 8. Mr. Kornrawit Asawakul | 50,666,670 | 1.59 |
| 9. Andaman Long Beach Resort Co., Ltd. | 49,978,875 | 1.57 |
| 10. Mr. Prasit Kanchanasakchai | 32,556,520 | 1.02 |
| 11. Others | 503,506,994 | 15.77 |
| Total | 3,193,185,471 | 100.00 |

Source: Stock Exchange of Thailand

1.5 Board of Directors

The Board of Directors of the Company as of April 28, 2015 consisted of eight members as follows:

| Name | Position |
|------------------------------------|--|
| 1. Mr. Watcharakiti Vajarothai | Chairman |
| 2. Mr. Vitavas Vibhagool | Director/Managing Director |
| 3. Miss Sumalee Wangprakobsuk | Director |
| 4. Mr. Asawin Rakmanusa | Director |
| 5. Mrs. Danucha Ngernkitti | Director |
| 6. Assoc. Prof. Dr. Seri Wongmonta | Independent Director |
| 7. Mr. Supoj Siripornlertkul | Independent Director/Audit Committee Member |
| 8. Mr. Likit Somnuantad | Independent Director/ Audit Committee Member |

Source: Stock Exchange of Thailand

1.6 Highlights of financial position and operating results

1.6.1 Financial statements

Table illustrating the statements of financial position as of December 31, 2011 through 2014:

| Consolidated financial statements | 2012 | | 2013 | | 2014 | |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | (Restated) | | (Restated) | | Audited) | |
| | Baht million | % | Baht million | % | Baht million | % |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 115.74 | 1.33 | 246.94 | 2.64 | 285.01 | 4.24 |
| Trade and other receivables | 117.11 | 1.35 | 190.78 | 2.04 | 109.06 | 1.62 |
| Receivable from the Revenue Department | 58.60 | 0.67 | 63.16 | 0.68 | 39.87 | 0.59 |
| Inventories | 7.65 | 0.09 | 14.25 | 0.15 | 6.81 | 0.10 |
| Real estate development projects | 1,864.06 | 21.42 | 3,019.49 | 32.29 | 1,342.79 | 19.96 |
| Withholding tax deducted at source | 29.55 | 0.34 | 46.12 | 0.49 | 22.98 | 0.34 |
| Other current assets | 214.61 | 2.47 | 126.15 | 1.35 | 52.61 | 0.78 |
| Non-current assets held for sale | - | - | 173.30 | 1.85 | - | - |
| Total current assets | 2,407.32 | 27.67 | 3,880.18 | 41.49 | 1,859.13 | 27.63 |
| Non-current assets | | | | | | |
| Pledged and restricted withdrawal bank deposits | 436.90 | 5.02 | 432.83 | 4.63 | 49.85 | 0.74 |
| Deposits for acquisition of shares and assets in other companies | 160.30 | 1.84 | 299.46 | 3.20 | 199.46 | 2.96 |
| Investment properties | 449.35 | 5.16 | 385.78 | 4.13 | 316.14 | 4.70 |
| Property, plant and equipment | 4,697.81 | 53.99 | 3,439.55 | 36.78 | 3,662.13 | 54.42 |
| Intangible assets - computer software | 19.36 | 0.22 | 30.00 | 0.32 | 31.68 | 0.47 |
| Compensation guarantee | 68.00 | 0.78 | 53.00 | 0.57 | 46.00 | 0.68 |
| Leasehold rights | 346.47 | 3.98 | 664.36 | 7.10 | 529.04 | 7.86 |
| Deferred tax assets | 102.40 | 1.18 | 156.73 | 1.68 | 27.00 | 0.40 |
| Other non-current assets | 13.04 | 0.15 | 10.31 | 0.11 | 8.55 | 0.13 |
| Total non-current assets | 6,293.63 | 72.33 | 5,472.02 | 58.51 | 4,869.86 | 72.37 |
| Total assets | 8,700.95 | 100.00 | 9,352.20 | 100.00 | 6,728.98 | 100.00 |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Short-term loans from financial institutions | - | - | - | - | 200.00 | 2.97 |
| Trade and other payables | 568.67 | 6.54 | 544.03 | 5.82 | 251.12 | 3.73 |
| Short-term loan from an unrelated party | 500.00 | 5.75 | 500.00 | 5.35 | 500.00 | 7.43 |
| Current portion of long-term loans from | 1,865.28 | 21.44 | 167.00 | 1.79 | 84.40 | 1.25 |

| Consolidated financial statements | 2012 | | 2013 | | 2014 | |
|--|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | (Restated) | | (Restated) | | Audited) | |
| | Baht million | % | Baht million | % | Baht million | % |
| financial institutions | | | | | | |
| Deposits received | 786.59 | 9.04 | 1,284.25 | 13.73 | 184.70 | 2.74 |
| Other current liabilities | 141.12 | 1.62 | 195.23 | 2.09 | 154.87 | 2.30 |
| Total current liabilities | 3,861.66 | 44.38 | 2,690.52 | 28.77 | 1,375.10 | 20.44 |
| Non-current liabilities | | | | | | |
| Long-term loans from financial institutions - net of current portion | 861.09 | 9.90 | 2,806.98 | 30.01 | 993.25 | 14.76 |
| Unearned lease right | 82.58 | 0.95 | 75.18 | 0.80 | 63.28 | 0.94 |
| Provision for long-term employee benefits | 36.77 | 0.42 | 46.27 | 0.49 | 53.61 | 0.80 |
| Deferred tax liabilities | 184.31 | 2.12 | 175.15 | 1.87 | 136.66 | 2.03 |
| Other non-current liabilities | 8.34 | 0.10 | 8.71 | 0.09 | 11.21 | 0.17 |
| Total non-current liabilities | 1,173.09 | 13.48 | 3,112.29 | 33.28 | 1,258.01 | 18.70 |
| Total liabilities | 5,034.75 | 57.86 | 5,802.81 | 62.05 | 2,633.11 | 39.13 |
| Shareholders' equity | | | | | | |
| Share capital | | | | | | |
| Registered capital | 3,353.70 | 38.54 | 3,353.70 | 35.86 | 3,353.70 | 49.84 |
| Issued and fully paid-up capital | 2,816.47 | 32.37 | 2,816.47 | 30.12 | 3,193.19 | 47.45 |
| Share discount | (692.75) | (7.96) | (692.75) | (7.41) | (881.11) | (13.09) |
| Retained earnings | | | | | | |
| Appropriated - statutory reserve | 5.93 | 0.07 | 5.93 | 0.06 | 5.93 | 0.09 |
| Unappropriated (deficit) | (417.02) | (4.79) | (462.31) | (4.94) | (236.65) | (3.52) |
| Deficit on changes in shareholding proportion | - | - | - | - | (8.46) | (0.13) |
| Equity attributable to owners of the Company | 1,712.63 | 19.68 | 1,667.34 | 17.83 | 2,072.90 | 30.81 |
| Non-controlling interests of the subsidiaries | 1,953.57 | 22.45 | 1,882.06 | 20.12 | 2,022.98 | 30.06 |
| Total shareholders' equity | 3,666.20 | 42.14 | 3,549.40 | 37.95 | 4,095.87 | 60.87 |
| Total liabilities and shareholders' equity | 8,700.95 | 100.00 | 9,352.21 | 100.00 | 6,728.98 | 100.00 |

Table illustrating the statements of comprehensive income for the years ended December 31, 2011 – 2014:

| Consolidated financial statements | 2012 | | 2013 | | 2014 | |
|------------------------------------|--------------|-------|--------------|-------|--------------|-------|
| | (Restated) | | (Restated) | | Audited) | |
| | Baht million | % | Baht million | % | Baht million | % |
| Revenues | | | | | | |
| Revenues from hotel operations | 908.90 | 74.63 | 996.29 | 59.13 | 824.07 | 15.81 |
| Revenues from sales of real estate | 29.31 | 2.41 | 209.52 | 12.43 | 4,045.45 | 77.61 |

| Consolidated financial statements | 2012 | | 2013 | | 2014 | |
|--|-----------------|----------------|-----------------|----------------|-----------------|---------------|
| | (Restated) | | (Restated) | | Audited) | |
| | Baht million | % | Baht million | % | Baht million | % |
| Rental and related service income | 233.37 | 19.16 | 245.42 | 14.57 | 273.24 | 5.24 |
| Surplus on equity interest in net fair value of subsidiaries | - | - | 147.92 | 8.78 | - | - |
| Interest income | 6.85 | 0.56 | 3.38 | 0.20 | 2.02 | 0.04 |
| Gain on sales of investments in subsidiaries | - | - | - | - | 20.72 | 0.40 |
| Other income | 39.43 | 3.24 | 82.42 | 4.89 | 47.34 | 0.91 |
| Total revenues | 1,217.86 | 100.00 | 1,684.96 | 100.00 | 5,212.83 | 100.00 |
| Expenses | | | | | | |
| Cost of hotel operations | 325.21 | 26.70 | 366.68 | 21.76 | 337.58 | 6.48 |
| Cost of sales of real estate | 35.91 | 2.95 | 188.06 | 11.16 | 2,714.72 | 52.08 |
| Cost of rental and related services | 88.93 | 7.30 | 88.97 | 5.28 | 95.42 | 1.83 |
| Selling expenses | 224.43 | 18.43 | 155.27 | 9.21 | 334.61 | 6.42 |
| Administrative expenses | 552.25 | 45.35 | 666.24 | 39.54 | 537.79 | 10.32 |
| Depreciation and amortization | 291.01 | 23.90 | 280.01 | 16.62 | 306.90 | 5.89 |
| Total expenses | 1,517.74 | 124.62 | 1,745.22 | 103.58 | 4,327.02 | 83.01 |
| Loss before finance cost, gain on debt restructuring and income tax | (299.88) | (24.62) | (60.26) | (3.58) | 885.81 | 16.99 |
| Finance cost | (183.10) | (15.03) | (133.12) | (7.90) | (161.09) | (3.09) |
| Loss before gain on debt restructuring and income tax | (482.98) | (39.66) | (193.38) | (11.48) | 724.72 | 13.90 |
| Gain on debt restructuring | - | - | - | - | - | - |
| Profit (Loss) before income tax | (482.98) | (39.66) | (193.38) | (11.48) | 724.72 | 13.90 |
| Income tax | 38.41 | 3.15 | 76.57 | 4.54 | (178.08) | (3.42) |
| Profit (Loss) for the year | (444.57) | (36.50) | (116.81) | (6.93) | 546.64 | 10.49 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the year | (444.57) | (36.50) | (116.81) | (6.93) | 546.64 | 10.49 |
| Total comprehensive income attributable to: | | | | | | |
| Equity holders of the Company | (187.66) | (15.41) | (45.29) | (2.69) | 225.66 | 4.33 |
| Non-controlling interests of the subsidiaries | (256.91) | (21.10) | (71.52) | (4.24) | 320.98 | 6.16 |
| Earnings per share | | | | | | |
| Basic earnings per share | | | | | | |
| Profit (Loss) attributable to equity holders of the Company (Baht) | (0.07) | | (0.02) | | 0.07 | |

Table illustrating the statements of cash flow for the years ended December 31, 2011 - 2014:

Unit: Baht million

| Consolidated financial statements | 2012 | 2013 | 2014 |
|--|------------|------------|------------|
| | (Restated) | (Restated) | (Audited) |
| Net cash flow provided from (used in) operating activities | 172.12 | (528.20) | 1,878.18 |
| Net cash flow provided from (used in) investing activities | (189.66) | 667.36 | (172.04) |
| Net cash flow provided from (used in) financing activities | (56.66) | (7.97) | (1,668.07) |
| Net increase in cash and cash equivalents | (74.20) | 131.20 | 38.07 |
| Cash and cash equivalents as at January 1 | 189.94 | 115.74 | 246.94 |
| Cash and cash equivalents at end of period | 115.74 | 246.94 | 285.01 |

1.6.2 Financial ratios

| Financial ratios | 2012 ² | 2013 | 2014 |
|---|-------------------|------------|-----------|
| | (Restated) | (Restated) | (Audited) |
| Liquidity ratios | | | |
| Current ratio (time) | 0.62 | 1.44 | 1.35 |
| Quick ratio (time) | 0.06 | 0.16 | 0.29 |
| Cash flow liquidity ratio (time) | 0.06 | (0.16) | 0.92 |
| Accounts receivable turnover ratio ³ (time) | 8.29 | 7.23 | 26.16 |
| Average collection period (day) | 43.45 | 49.82 | 13.76 |
| Inventory turnover ratio (time) | 55.80 | 58.79 | 298.91 |
| Average age of inventory (day) | 6.45 | 6.12 | 1.20 |
| Accounts payable turnover ratio (time) ⁴ | 2.51 | 2.85 | 22.69 |
| Average payment period (day) | 143.18 | 126.40 | 15.87 |
| Cash cycle (day) | (93.28) | (70.45) | (0.90) |
| Profitability ratios | | | |
| Gross profit margin (%) | 61.59 | 55.64 | 38.79 |
| Operating profit margin ⁵ (%) | (25.60) | (4.15) | 17.22 |
| Operating cash to net profit ratio ⁶ (%) | (57.40) | 876.52 | 212.03 |
| Net profit margin (%) – for equity holders of the Company (%) | (15.41) | (2.69) | 4.33 |
| Return in equity – for equity holders of the Company (%) | (10.43) | (2.68) | 12.07 |
| Efficiency ratios | | | |
| Return on assets (%) | (5.23) | (1.29) | 6.80 |
| Return on fixed assets ⁷ (%) | (2.75) | 3.27 | 18.97 |
| Asset turnover (time) | 0.14 | 0.19 | 0.65 |
| Financial policy ratios | | | |
| Debt to equity ratio ⁸ (time) | 1.37 | 1.63 | 0.64 |

| Financial ratios | 2012 ² | 2013 | 2014 |
|--|-------------------|------------|-----------|
| | (Restated) | (Restated) | (Audited) |
| Debt service coverage ratio ⁹ (cash basis) (time) | 0.41 | (0.06) | 0.62 |
| Interest coverage ratio (time) | 2.15 | (2.39) | 11.55 |

- Note:
- 1 Calculated from data before revision of accounting policy regarding income tax.
 - 2 Calculated from data after revision of accounting policy regarding income tax.
 - 3 Calculated from trade and other receivables before allowance for doubtful accounts.
 - 4 Calculated from unrelated parties payable and construction cost payable for 2012-2014.
 - 5 Calculated from revenues from sales excluding interest income and other income.
 - 6 Calculated from operating profit.
 - 7 Fixed assets include investment properties, premises and equipment, and leasehold rights.
 - 8 Calculated from total liabilities and total shareholders' equity.
 - 9 Debt includes debt payment, payment for investment and payment for purchase of fixed assets.

1.6.3 Discussion and analysis of financial position and operating results

1.6.3.1 Operating results

In 2013, the Company and its subsidiaries posted a net loss of Baht 116.81 million, which decreased by Baht 327.76 million from loss incurred in 2012 thanks to an increase in revenues from hotel operations and sales of real estate, together with surplus on equity interest in net fair value of subsidiaries of Baht 147.92 million. For 2014, the Company and its subsidiaries recorded a net profit of Baht 546.64 million, a surge of Baht 663.45 million from the previous year as a result of an increase in revenues from sales of real estate and gain on sales of investments in subsidiaries.

■ Revenues

The Company and its subsidiaries generate revenues mainly from hotel operations, sales of real estate, and rental and related services. In 2012-2014, revenues from hotel operations made up 74.63%, 59.13% and 15.81% of total revenues respectively; revenues from sales of real estate were 2.41%, 12.43% and 77.61% of total revenues respectively; and rental and related service income accounted for 19.16%, 14.57% and 5.24% of total revenues respectively. Revenues from hotel operations were derived from the subsidiaries, primarily comprising room revenues, food and beverage revenues, and related service income. Likewise, revenues from sales of real estate were generated by the subsidiaries, coming from sales of land and houses and condominium units, which were recognized as income after complete transfers to buyers. Rental and related service income was earned from renting of office buildings of the subsidiaries.

In 2012, the Company and its subsidiaries recorded total revenues of Baht 1,217.86 million, consisting of revenues from hotel operations of Baht 908.90 million, revenues from sales of real estate of Baht 29.31 million, and rental and related service income of Baht 233.37 million. In 2013, total revenues were Baht 1,684.96 million, broken down into revenues from hotel operations of Baht 996.29 million, revenues from sales of real estate of Baht 209.52 million, rental and related service income of Baht 245.42 million, and surplus on equity interest in net fair value of subsidiaries of Baht 147.92 million. Revenues from hotel operations grew by Baht 87.39 million or 9.62% year on year, driven by an increase in occupancy rate and room rate and the opening of Sheraton Hua Hin Pranburi Villas in late 2013. Revenues from sales of real estate in 2013 mounted by Baht 180.21 million or 614.84% from a year earlier due to transfers of houses or condominium units to customers of Hua Hin Blue Lagoon Resort Project and Hyde Sukhumvit Condominium Project. Rental and related service income rose by Baht 12.05 million or 5.16% from 2012 owing to a higher occupancy rate as driven by a reduction of rental rate per square meter to fit with the present circumstances. Moreover, the acquisition of Owendelle Co., Ltd. by a subsidiary in June 2013 resulted in a surplus on equity interest in net fair value of subsidiaries of Baht 147.92 million, which was retroactively restated by assuming it occurred on the acquisition date and was recognized as income in the consolidated statements of comprehensive income for 2013.

In 2014, the Company and its subsidiaries recorded total revenues of Baht 5,212.83 million, consisting of revenues from hotel operations of Baht 824.07 million, revenues from sales of real estate of Baht 4,045.45 million, and rental and related service income of Baht 273.24 million. Revenues from hotel operations declined by Baht 172.23 million or 17.29% from the previous year, due to a drop in occupancy rate caused by internal political unrest and the promulgation of the martial law during the first half of 2014 which had pushed down number of foreign visitors and business people to Thailand. Revenues from sales of real estate soared by Baht 3,835.93 million or 1,830.81% year on year, contributed by transfers of the Hyde Sukhumvit Condominium units to buyers. Rental and related service income went up by Baht 27.82 million or 11.34% from the preceding year which was in line with an increase in the occupancy rate and rental rate.

■ **Costs of sales**

Costs of hotel operations, sales of real estate, and rental and related services are recognized when room services, transfers of houses or condominium units, and rental and related services have taken place. As such, costs of sales will vary with revenues of the Company and its subsidiaries. Cost of hotel operations of the Company and its subsidiaries in 2012-2014 amounted to Baht 325.21 million, Baht 366.68 million and Baht 337.58 million respectively, rising by 12.75% in 2013 and dropping by 7.94% in 2014 in line with the decline in revenues from hotel operations.

Cost of sales of real estate of the Company and its subsidiaries in 2012-2014 was equal to Baht 35.91 million, Baht 188.06 million and Baht 2,714.72 million respectively, jumping year on year by 423.71% in 2013 and by 1,343.52% in 2014 which resulted from the recognition of costs of houses or condominium units transferred to buyers and was in line with the increase in revenues from sales of real estate.

Cost of rental and related services of the Company and its subsidiaries in 2012-2014 totaled Baht 88.93 million, Baht 88.97 million and Baht 95.42million respectively, up by 0.04% in 2013 and by 7.26% in 2014 in line with growth in rental and related service income.

■ **Selling and administrative expenses**

Selling expenses were Baht 224.43 million in 2012, Baht 155.27 million in 2013 and Baht 334.61 million in 2014. Selling expenses in 2013 dropped by Baht 69.16 million or 30.82% from 2012 due to a decrease in marketing expenses, sales promotion expenses and commissions for sales of the Hyde Sukhumvit Condominium units, sales of which the subsidiary had closed by more than 90% as at the end of 2013. For 2014, selling expenses surged by Baht 179.34 million or 115.51% from 2013 due mainly to expenses relating to transfers of the Hyde Sukhumvit Condominium units.

Administrative expenses were Baht 552.25 million, Baht 666.24 million and Baht 537.79 million in 2012-2014 respectively. In 2013, administrative expenses rose by Baht 113.99 million or 20.64% from the preceding year, resulting mainly from expenses on the opening of the Hyde Sukhumvit Condominium Project, allowance for damages from litigation cases and compensation expense, allowance for tax penalty from sales of Crown Plaza Sukhumvit Project, and expenses on the opening and operation of Sheraton Hua Hin Pranburi Villas. For 2014, administrative expenses decreased by Baht 128.44 million or 19.28% from 2013 as there were no allowances for damages or tax penalty occurring as in 2013 and the Company could more efficiently save the administrative costs.

■ **Finance cost**

Finance cost was Baht 183.10 million in 2012, Baht 133.12 million in 2013 and Baht 161.09 million in 2014. It decreased by Baht 49.98 million or 27.30% in 2013 due primarily to incorporation of interest expenses into construction cost of real estate development project. In 2014, finance cost rose by Baht 27.96 million or 21.01% from the previous year, resulting from the Hyde Sukhumvit Condominium Project which commenced ownership transfers in December 2013 leading interest expenses that were incurred in 2014 to be recorded as financial cost in the statements of comprehensive income.

1.6.3.2 Financial position

■ **Assets**

The Company and its subsidiaries had total assets of Baht 8,700.95 million, Baht 9,352.20 million and Baht 6,728.98 million as at the end of 2012-2014 respectively. The assets were mainly composed of real estate development projects, investment properties, property, plant and equipment, and leasehold rights. The decrease in total assets as at the end of 2014 was ascribed chiefly to the decline in cost of real estate development.

As at the end of 2012-2014, the Company and its subsidiaries recorded real estate development projects in the amount of Baht 1,864.06 million, Baht 3,019.49 million and Baht 1,342.79 million, representing 21.42%, 32.29% and 19.96% of total assets respectively. As at year-end 2013, real estate development projects increased by Baht 1,155.43 million or 61.98% from the end of 2012, stemming from construction of the Hyde Sukhumvit Condominium Project which was launched in May 2012 and carried on through 2013. As at the end of 2014, real estate development projects decreased by Baht 1,676.71 million or 55.53% from the end of 2013, due to completion of the construction of the Hyde Sukhumvit Condominium Project.

As at the end of 2012-2014, the Company and its subsidiaries had investment properties-net in the amount of Baht 449.35 million, Baht 385.78 million and Baht 316.14 million, representing 5.16%, 4.13% and 4.70% of total assets respectively. As at the end of 2013 and 2014, investment properties-net diminished by Baht 63.57 million and Baht 69.64 million or 14.15% and 18.05% from the preceding year respectively, caused mainly by depreciation. Investment properties consist of investment properties of GRAND, which are building space rented to Robinson Department Store, and investment properties of PED, which are office buildings for rent.

As at the end of 2012-2014, the Company and its subsidiaries recorded property, plant and equipment-net in the amount of Baht 4,697.81 million, Baht 3,439.55 million and Baht 3,662.13 million, representing 53.99%, 36.78% and 54.42% of total assets respectively. As at year-end 2013, property, plant and equipment-net declined by Baht 1,258.26 million or 26.78% from the end of 2012, primarily due to disposal of Crown Plaza Sukhumvit Project. As at the end of 2014, property, plant and equipment-net grew by Baht 222.58 million or 6.47% from the end of 2013, resulting largely from an increase in work under construction of Baht 125.06 million.

As at the end of 2012-2014, the Company and its subsidiaries recorded leasehold rights-net of Baht 346.47 million, Baht 664.36 million and Baht 529.04 million, representing 3.98%, 7.10% and 7.86% of total

assets respectively. As at year-end 2013, leasehold rights-net surged by Baht 317.89 million or 91.75% from the foregoing year, stemming from leasehold rights obtained from the acquisition of Owendelle Co., Ltd. by Honor Business Co., Ltd., a subsidiary of GRAND. The acquired property is currently the location of Sheraton Hua Hin Pranburi Villas. As at the end of 2014, leasehold rights decreased by Baht 135.32 million or 20.37% from the end of the previous year, mainly attributable to amortization of leasehold rights and disposal of entire investment in Yaksa Co., Ltd., a subsidiary of the Company, in January 2014.

■ Liabilities

As at the end of 2012-2014, the Company and its subsidiaries recorded total liabilities of Baht 5,034.75 million, Baht 5,802.81million and Baht 2,633.11 million respectively. As at year-end 2012, current liabilities were worth Baht 3,861.66 million or 76.70% of total liabilities, consisting mainly of current portion of long-term loans from financial institutions and deposits received. As at the end of 2013, current liabilities amounted to Baht 2,690.52 million or 46.37% of total liabilities, declining by Baht 1,171.15 million or 30.33% from the end of 2012 due primarily to repayment of current portion of long-term loans of 2012 during the year 2013 which thereby led to a decrease of Baht 1,698.28 million in current portion of loans. Meanwhile, deposits received increased by Baht 497.66 million, resulting from down payments and deposits for installment payments received from buyers of the Hyde Sukhumvit Condominium units. As at year-end 2014, current liabilities stood at Baht 1,375.10 million or 52.22% of total liabilities, plunging by Baht 1,315.42 million or 48.89% from the end of 2013, ascribed mainly to a drop in deposits received due to transfers of the Hyde Sukhumvit Condominium units.

As at the end of 2012, non-current liabilities were Baht 1,173.09 million or 23.30% of total liabilities, mainly comprising long-term loans from financial institutions net of current portion. During the year 2013, there was an increase in long-term loans from financial institutions raised by the subsidiaries to repay existing loans from financial institutions and to cover costs of project construction. Thus, as at the end of 2013, non-current liabilities of the Company and its subsidiaries mounted by Baht 1,939.20 million or 165.31% from the end of 2012 to Baht 3,112.29 million, representing 53.63% of total liabilities. As at year-end 2014, non-current liabilities stood at Baht 1,258.01 million or 47.78% of total liabilities, a drop of Baht 1,854.28 million or 59.58% from the end of 2013 due mainly to repayment of loans for the Hyde Sukhumvit Condominium Project which gradually recognized income in 2014.

■ Shareholders' equity

As at the end of 2013, the Company and its subsidiaries recorded total shareholders' equity of Baht 3,549.40 million, which decreased by Baht 116.80 million or 3.19% from Baht 3,666.20 million as at year-end

2012 owing to recognition of a net loss of Baht 116.81 million. As at the end of 2014, shareholders' equity totaled Baht 4,095.87 million, growing by Baht 546.48 million or 15.40% from the end of 2013 primarily due to an increase in paid-up capital of the Company and a net profit generated from operation.

1.6.3.3 Liquidity

As at the end of 2012, the Company and its subsidiaries had cash and cash equivalents of Baht 115.74 million. They consisted of net cash provided from operating activities of Baht 172.12 million, mainly resulting from an increase in trade and other payables and an increase in deposits received of the subsidiaries; net cash used in investing activities of Baht 189.66 million, chiefly arising from payment for purchase of premises and equipment and payment of deposits for acquisition of shares and assets in other entities; and net cash used in financing activities of Baht 56.66 million, due mainly to repayment of long-term loans from financial institutions and payment of interest expenses.

As at the end of 2013, the Company and its subsidiaries had cash and cash equivalents of Baht 246.94 million. They consisted of net cash used in operating activities of Baht 528.20 million, mainly resulting from an increase in real estate development projects of a subsidiary due to construction of the Hyde Sukhumvit Condominium and a decrease in trade and other payables; net cash provided from investing activities of Baht 667.36 million, arising largely from disposal of Crown Plaza Sukhumvit Project; and net cash used in financing activities of Baht 7.97 million, due mainly to repayment of long-term loans from financial institutions and payment of interest expenses.

As at the end of 2014, the Company and its subsidiaries had cash and cash equivalents of Baht 285.01 million. They consisted of net cash provided from operating activities of Baht 1,878.18 million, mainly resulting from the operating profit and a decrease in real estate development projects due to transfers of the Hyde Sukhumvit Condominium units; net cash used in investing activities of Baht 172.04 million, chiefly arising from purchase of property, plant and equipment; and net cash used in financing activities of Baht 1,668.07 million, due mainly to repayment of long-term loans from financial institutions and payment of interest expenses.

1.6.4 Forecast of future performance

At present, the Company's subsidiary is in the process of constructing Hyatt Regency Hotel on Sukhumvit 13 Road, which is expected to be ready for grand opening around early 2017. In addition, a subsidiary is constructing Hyde Sukhumvit 11, which is a new condominium project, scheduled for completion in 2017. The Company will pursue the hybrid business operation, consisting of real estate development for

income recognition in the short and medium terms and hotel business which is an investment in properties for long-term revenue recognition. By doing so, the Company can reduce sole reliance on revenues from any of such business segments and can add value to its business through an increase of its assets in the long run.

Furthermore, the Company is in the process of rectifying its situation to avoid being delisted. Currently, it has shareholders' equity not less than Baht 300 million. To meet the SET's requirement regarding operational performance, the Company is in the process of acquiring projects that are under construction so that they could be further developed for sales, and is procuring vacant land and/or unfinished projects to be developed into housing estates, office buildings for rent and/or shopping malls. These projects are under study and approval from the Board of Directors of the Company and/or under feasibility study to ensure continuity of business operation in the future.

2 Opinion on the accuracy of the Company's information contained in the tender offer document

The Board of Directors is of the opinion that the Company's information appearing in Form 247-4 dated April 27, 2015 is correct.

3 Any relationship or agreement between the Company's director/s, whether on his/her/their own behalf or in his/her/their capacity as the Company's director/s or as the Offeror's representative/s, and the Offeror, including the shareholding by the Company's director/s in the Offeror's juristic entity and any contract or agreement made or to be made between them (regarding matters such as administration, etc.)

3.1 Any relationship or agreement between the Company's director/s and the Offeror

As of the tender offer submission date, none of the Company's directors served as director of the Offeror.

3.2 Shareholding by the Company's directors in the Offeror's juristic entity

As of the tender offer submission date, Mr. Surin Pholyasrisawat had resigned from the director position of the Company. Therefore, none of the Company's directors held shares in the Offeror.

3.3 Mutual agreements or contracts

The Offeror has not executed any agreement with the Company. However, some of the Company's shareholders also are directors and/or shareholders of the Offeror, as follows:

1. Mrs. Sumalee Ongjarit holds 278,758,490 shares or 8.73% of the Company's paid-up capital and holds 218,481,874 shares or 3.78% of the Offeror's paid-up capital.
2. Miss Kodchaporn Udompholvanich holds 70,000,000 shares or 2.19% of the Company's paid-up capital and holds 3,000,000 shares or 0.05% of the Offeror's paid-up capital.
3. Andaman Long Beach Resort Co., Ltd. holds 49,978,875 shares or 1.57% of the Company's paid-up capital and holds 564,426,331 shares or 9.76% of the Offeror's paid-up capital.
4. Mr. Chainid Adhyanasakul holds 29,362,500 shares or 0.92% of the Company's paid-up capital and is director, Chief Executive Officer, and shareholder of the Offeror holding 89,166,900 shares or 1.54% of the Offeror's paid-up capital.
5. Miss Jenjira Thongojarn holds 6,080,500 shares or 0.19% of the Company's paid-up capital and holds 4,497,752 shares or 0.08% of the Offeror's paid-up capital.

6. Mr. Vidhya Nativivat holds 7,080,000 shares or 0.22% of the Company's paid-up capital and is director and shareholder of the Offeror holding 80,760,000 shares or 1.40% of the Offeror's paid-up capital.
7. Miss Sunee Saengow holds 18,756 shares or 0.00% of the Company's paid-up capital and holds 9,312,180 shares or 0.16% of the Offeror's paid-up capital.
8. Mr. Surasak Vacharapongpreecha holds 4,500 shares or 0.00% of the Company's paid-up capital and is executive and shareholder of the Offeror holding 4,737,500 shares or 0.08% of the Offeror's paid-up capital.

Source: Tender offer statement of the Offeror and Stock Exchange of Thailand

3.4 Related party transactions

At present, the Company signed an agreement to hire We Retail Plc., a subsidiary of the Offeror, as a property manager to operate Pacific Place Building which is an office building for rent operated by PED, a subsidiary of the Company. The management fee is equal to 10% of rental and related service income in the first two months and 12.5% of rental and related service income thereafter, but not lower than Baht 1,500,000 per month. The agreement term is from January 1, 2015 to December 31, 2019 and, after that, is renewable on a yearly basis. Other conditions shall be as specified in the agreement.

According to the tender offer document (Form 247-4), to achieve the objectives of the transaction according to the acquisition plan in focusing on business partnership to maximize benefits to the Company and the Offeror, it is expected that other related party transactions that may take place within 12 months from the end of the tender offer period will be in the form of purchase, sale or rent of land and construction between the two parties for property development to deliver product diversity or ensure appropriateness; project management services; provision of financial support or assistance between the Offeror, the Company and related parties by way of, for example, lending; and possible transfer, sale and purchase of shares between the Offeror, the Company and related parties for the purpose of appropriate business group restructuring. These transactions will be conducted subject to the same trade terms and conditions as those conducted by persons of ordinary common sense under the same circumstances as though the Offeror or the Company had entered into the transactions with unrelated parties. It shall be ensured that the transactions are conducted in conformity with the laws, rules and/or regulations of the SET, the SEC and the Capital Market Supervisory Board regarding connected transactions.

For any other related party transactions that may take place in the future, the Offeror will ensure that the Company performs those transactions on an arm's-length basis and/or in accordance with financial

position of the Offeror and the Company, by primarily taking into account the necessity and reasonableness of the transactions. The Offeror will also ensure that the transactions are conducted in conformity with the laws, rules and/or regulations of the SET, the SEC and the Capital Market Supervisory Board regarding connected transactions.

3.5 Management structure after the tender offer

After completion of the tender offer, the Offeror intends to nominate qualified persons who have knowledge, expertise and experience necessary and suitable for business operation of the Company for consideration and appointment as directors by the meeting of shareholders and/or Board of Directors of the Company (as the case may be) in order to benefit the Company's business administration and increase its business potential. This will be carried out in compliance with the applicable rules, regulations and laws. Initially, the Offeror expects to nominate three to four candidates as the Company's directors and is still in the process of selecting qualified persons for such positions.

4 Opinion of the Company's Board of Directors to the securities holders

The Company convened the Board of Directors' Meeting No. 2/2558 on May 6, 2015 to consider the tender offer proposed by the Offeror. At such meeting, eight board members participated in the consideration of this agenda item, namely:

| Name | Position |
|------------------------------------|--|
| 1. Mr. Watcharakiti Vajarothai | Chairman |
| 2. Mr. Vitavas Vibhagool | Director/Managing Director |
| 3. Miss Sumalee Wangprakobsuk | Director |
| 4. Mr. Asawin Rakmanusa | Director |
| 5. Mrs. Danucha Ngernkitti | Director |
| 6. Assoc. Prof. Dr. Seri Wongmonta | Independent Director |
| 7. Mr. Supoj Siripornlertkul | Independent Director/Audit Committee Member |
| 8. Mr. Likit Somnuantad | Independent Director/ Audit Committee Member |

4.1 Reasons to accept and/or reject the tender offer

The meeting of the Board of Directors of the Company considered information in the tender offer document and the IFA's opinion report and was of the opinion that the tender offer price of Baht 0.57 per share is within a range of fair values of the Company's shares as measured by the IFA of Baht 0.26 – Baht 0.95 per share, which is lower/ (higher) than the tender offer price by Baht 0.31 – Baht (0.38) per share. Also, considering the current status of TPROP shares that have been suspended from trading on the SET and faced a possible delisting as the shares have been moved by the SET to the Non Compliance and Non Performing Group (NC & NPG), the Company's shares, therefore, do not have trading liquidity if the Company fails to resume its shares trading on the SET bourse in the future or the Offeror fails to delist the Company's securities from the SET after completion of the tender offer.

Comparing with the Company's value derived from adjusted book value approach which yielded the highest price in the case of a tender offer for delisting of securities according to the criteria stipulated in the Capital Market Supervisory Board's Notification No. ThorJor 12/2554 Re: Rules, Conditions and Procedures for Holding of Securities for Business Takeovers, which currently stood at Baht 0.85 – 0.95 per share, the tender offer price was lower by Baht 0.28 – 0.38 per share. However, the Offeror still has no definite plan for the delisting of the Company's shares while it also requires the approval from the Board of Directors and/or the shareholders as required by the Articles of Association and the related laws. Plus, timeframe has not

been fixed while it requires at least 12 months from the end of the tender offer period for the delisting. Therefore, the Company's shares as at the date of the delisting may significantly change from the above prices, especially when the Company's major assets are leasehold rights and property for sale which will gradually expire and/or be sold. The Company's value will change as the terms of the leasehold rights become shorter and/or according to the value of new property projects in the future. Moreover, in case of liquidation, it may take a long time to sell all of the Company's assets at appropriate prices while the selling prices are not certain.

As such, the Board of Directors unanimously resolved that the shareholders should accept the tender offer. Nonetheless, such board's opinion forms only part of the basis for the shareholders' decision-making. The shareholders individually have the sole discretion to decide whether to accept or reject the tender offer. The shareholders were also recommended to study and analyze all relevant information, particularly regarding the benefits and impacts to them, and the opinion report of the IFA to be a basis for their decision-making on the tender offer.

4.2 Opinion and reasons of the individual directors and the number of shares held by them (only in case the Board of Directors' opinion in 4.1 is not unanimous)

- None -

4.3 Benefits or impacts from the plans and policies indicated by the Offeror in the tender offer and the viability of such plans and policies

4.3.1 Business management plan and policy

As indicated in the tender offer document (Form 247-4), the Offeror has no policy to materially change the main business objectives and management plan of the Company within 12 months from the end of the tender offer period. However, the Offeror may integrate the Company into the Offeror's group to benefit from synergy in line with such business objectives and also to enhance the Company's operational efficiency and competitiveness. The Offeror may decide on a revision of the investment expansion plan, the business group restructure to ensure clarity, including organization structure, management, human resource and capital structure as well as possible disposal of some properties to align with future business direction and financial status of the Company. This is to comply with the Offeror's Acquisition Plan, under which the business management structure of the Offeror's group of companies will focus on business cooperation within the group. The Offeror will play a leading role in property development for sale business in both low rise and high rise, while GRAND will be the core entity in developing and operating hotel business for both existing

and future projects. The group will leverage on positive strengths of all member companies in order to create economic value added for the utmost benefit of the group according to objectives of the Acquisition Plan. However, the Offeror still pays attention to business management of each company within the group so that each company can continually operate and manage its business. The Offeror will take into account the appropriateness of shareholding after the tender offer and may appoint and/or change the management and directors of each company as deemed fit. Any change or appointment of directors of each company will be subject to approval from shareholders or board of directors of each company according to the new shareholding structure after successful implementation of the Acquisition Plan.

After the successful acquisition, the Offeror will still use the current name of each business entity to be beneficial to the brand image and brand loyalty of customers of the group's member companies which have different customer bases.

The Offeror has no intention to change the current dividend payment policy of the Company. However, if there are significant changes in business circumstances, financial position or any other condition, the Offeror might review and adjust the business policy or plan of the Company as deemed appropriate to ensure the optimum benefit to the Company and, where it is a material change, will seek approval from the Board of Directors' meeting and/or shareholders' meeting of the Company in accordance with the Company's regulations and the relevant laws.

In addition, the Offeror has no intention to delist TPROP securities from the SET during a 12-month period from the end of the tender offer period. However, if there are causes leading the Company to be delisted according to the SET's requirements, the Company's ordinary shares may be delisted from the SET bourse according to the then governing laws and regulations. However, on April 29, 2015 the Offeror sent additional notification to the SET that it still had a plan to delist the Company's shares from the SET bourse after the said 12-month period, and shall propose to its Board of Directors and shareholders to approve and determine the exact time period and related details accordingly.

Within 12 months from the end of the tender offer period, the Offeror has no plan to sell or transfer TPROP shares acquired from the tender offer to other parties in a significant amount, except where the Offeror undertakes a shareholding restructuring within the group in which case the Offeror may sell or transfer such shares to major shareholders or persons in the group or related persons under Section 258 of the Securities and Exchange Act B.E. 2535, or except where the Offeror is obligated to act in compliance with the laws, rules and regulations then in force.

Based on the above business management policy and plan, the Board of Directors is of the opinion that the investment in the Company by the Offeror will likely bode well for the Company since they could leverage on cooperation from the management team and staff who have had specialized experience and skill in each field of both the Company and the Offeror, including high rise and low rise property development, hotel property development, and development of property for rent, which could create value added for the Company in overall. Besides, since the groups of the Offeror and the Company operate a similar type of business in real estate development, they will be able to share resources which could then create economies of scale and could also mitigate problem in duplicated operations, thus helping to strengthen their competitive potentials.

However, the Company's shareholders might be affected from the delisting of the Company's shares from the SET bourse in the future, e.g. a lack of secondary market in share trading, a loss of capital gain tax benefit for the shareholders who are natural persons, a change in the type of return on investment and a decreased access to the Company's information. In addition, the shareholders might be affected had there been a change in the dividend payment policy of the Company in the future.

4.3.2 Related party transactions

At present, the Company signed an agreement to hire We Retail Plc., a subsidiary of the Offeror, as a property manager to operate Pacific Place Building which is an office building for rent operated by PED, a subsidiary of the Company. The management fee is equal to 10% of rental and related service income in the first two months and 12.5% of rental and related service income thereafter, but not lower than Baht 1,500,000 per month. The agreement term is from January 1, 2015 to December 31, 2019 and, after that, is renewable on a yearly basis. Other conditions shall be as specified in the agreement.

According to the tender offer document (Form 247-4), to achieve the objectives of the transaction according to the acquisition plan in focusing on business partnership to maximize benefits to the Company and the Offeror, it is expected that other related party transactions that may take place within 12 months from the end of the tender offer period will be in the form of purchase, sale or rent of land and construction between the two parties for property development to deliver product diversity or ensure appropriateness; project management services; provision of financial support or assistance between the Offeror, the Company and related parties by way of, for example, lending; and possible transfer, sale and purchase of shares between the Offeror, the Company and related parties for the purpose of appropriate business group restructuring. These transactions will be conducted subject to the same trade terms and conditions as those conducted by persons of ordinary common sense under the same circumstances as though the Offeror or the Company had entered into the transactions with unrelated parties. It will be ensured that the transactions are

conducted in conformity with the laws, rules and/or regulations of the SET, the SEC and the Capital Market Supervisory Board regarding connected transactions.

For any other related party transactions that may take place in the future, the Offeror will ensure that the Company performs those transactions on an arm's-length basis and/or in accordance with financial position of the Offeror and the Company, by primarily taking into account the necessity and reasonableness of the transactions. The Offeror will also ensure that the transactions are conducted in conformity with the laws, rules and/or regulations of the SET, the SEC and the Capital Market Supervisory Board regarding connected transactions.

4.4 Additional opinion of the Company's Board of Directors (only in case of a tender offer for delisting under the SET regulations)

Since this is not a tender offer for delisting of TPROP shares, the Board of Directors does not have any opinion in this respect.

4.5 Others

- None -

We hereby certify that the above statements are true, complete and accurate, without any information that might cause an essential misunderstanding to other parties, and no concealment has been made on any material information that should be explicitly disclosed.

Signature

Vitavas Vibhagool
(Mr. Vitavas Vibhagool)

Asawin Rakmanusa
(Mr. Asawin Rakmanusa)

Thai Property Public Company Limited

5 Opinion of the Independent Financial Advisor on the offering price

Thai Property Plc. (“the Company” or “TPROP”) has engaged Sage Capital Ltd. as an independent financial advisor (“IFA”) to render opinion to the minority shareholders regarding the tender offer for all securities of the Company made by Property Perfect Plc. (“the Offeror” or “PF”) according to a copy of the tender offer document (Form 247-4) dated April 27, 2015.

The IFA has studied the information contained in Form 247-4 as a basis for our rendering of opinion herein under the following assumptions:

- 1) The information mentioned above is true and correct.
- 2) Our study is based on the present circumstances and there is not any incident that will materially impact the Company’s business performance.
- 3) The IFA has not performed any legal review, tax and duty review and review on any other regulations and, therefore, may not provide opinion regarding the said matters.
- 4) The IFA can neither certify nor guarantee, whether directly or indirectly, nor be held accountable for the correctness of the information or representations of the Company.

Our opinion could be summarized as follows:

5.1 Profile of the Offeror

5.1.1 Background

Property Perfect Plc. (“PF” or “the Offeror”) was established on August 14, 1985 with an initial registered capital of Baht 300,000. PF was transformed into a public company on October 19, 1993 and was listed on the SET on June 1, 1993. As at December 31, 2014, the Offeror had a registered capital of Baht 10,737.61 million, divided into 10,737.61 million ordinary shares with a par value of Baht 1 per share, and a paid-up registered capital of Baht 5,782.95 million, divided into 5,782.95 million ordinary shares.

The Offeror and its subsidiaries have engaged in real estate development business, comprising land development and residential property construction with a focus on housing estates and condominiums in Bangkok and its vicinities. The Offeror generates income mainly from sales of both horizontal and vertical residential properties.

In the past three years, the Offeror has undergone capital increase/decrease and consistent business expansion. In 2011, for instance, it set up two entities to provide construction service for members of the group, namely Perfect Prefab Co., Ltd. and U&I Construction Bangkok Co., Ltd., and established Uniloft Service (Thailand) Co., Ltd. It also acquired newly issued ordinary shares in Daidomon Group Plc. and acquired ordinary shares from all existing shareholders through a tender offer, following which the said company was renamed We Retail Plc. ("WR"). Presently, WR operates a retail business and has PF as its major shareholder owning 93.31% of the total issued and paid-up shares of WR.

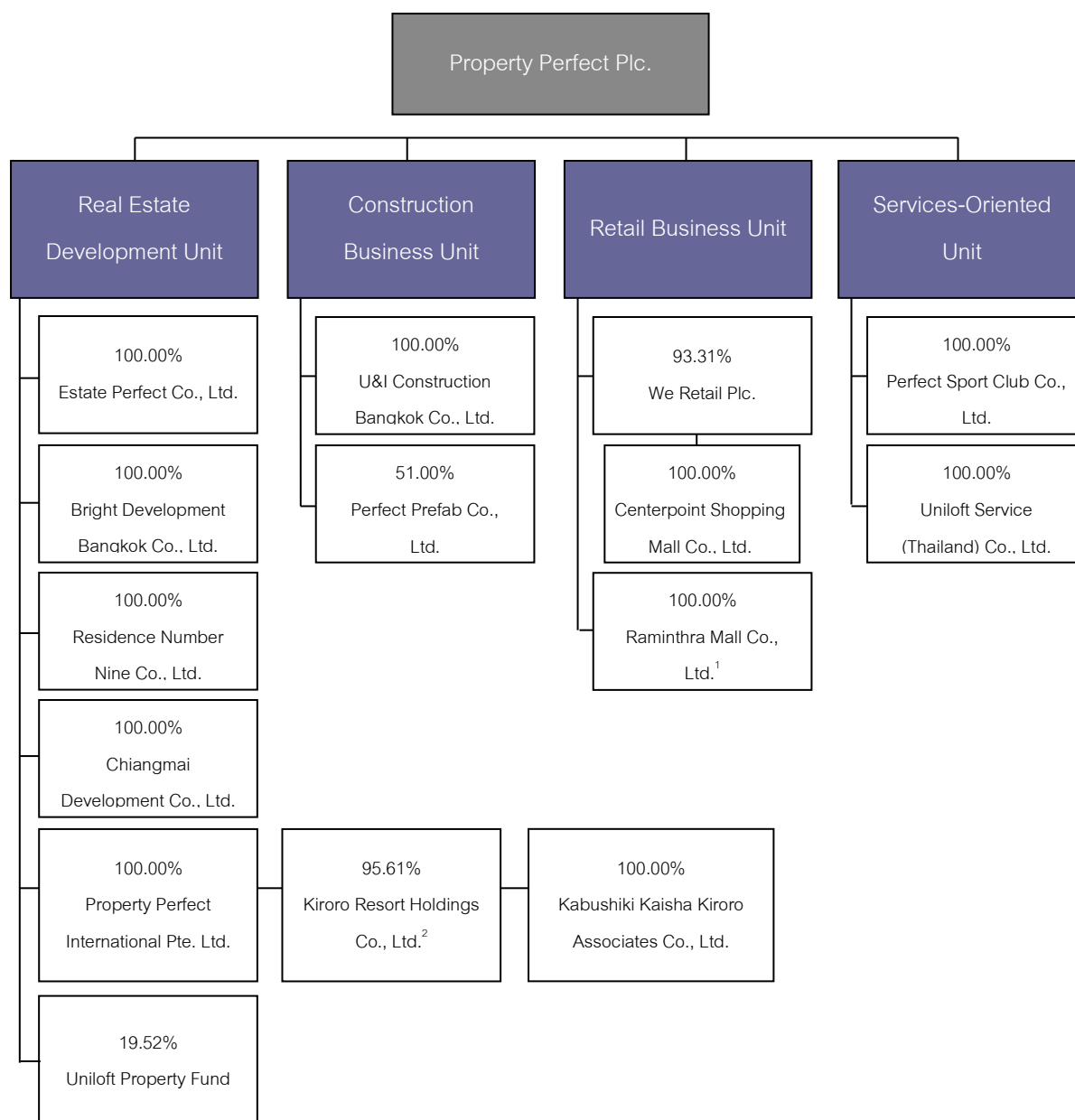
In 2012, the Offeror made an overseas investment, through its subsidiary, Property Perfect International Pte. Ltd. ("PPI"), in Share Group Co., Ltd. ("SG") which is a Japan-based entity established and registered under the law of Japan to engage in real estate development business and hotel business in Japan. It then had SG investing in Kabushiki Kaisha Kiroro Associates Co., Ltd. ("KA") by acquiring the entire shares and accepting a transfer of rights of claims as well as purchasing a property, Kiroro Resort which is located on Hokkaido Island, Japan, from Mitsui Fudosan Resort Co., Ltd.

In 2013, the Offeror established Chiangmai Development Co., Ltd. to engage in low-rise residential development business in Chiang Mai, and also invested in shares of Mariya Stuff Co., Ltd. which owns a leasehold right of land in Bang Kapi District, Bangkok. Moreover, it co-invested in Uniloft Property Fund which is the owner of a dormitory building near Mahidol University Salaya Campus.

In 2014, WR, a subsidiary of the Offeror, decreased its registered capital and issued and paid-up capital in order to offset the share discount and clean up its accumulated loss. At the same time, SG converted debt, owed to PPI, into equity, thereby leading PPI to own 95.61% of shares in SG, and SG was later renamed Kiroro Resort Holdings Co., Ltd. The Offeror also sold all of its ordinary shares in Krungthep Land Plc., amounting to 20.22% of paid-up capital, to Golden Land Property Development Plc.

5.1.2 Structure of the Offeror's group of companies

The nature of business of the Offeror and its subsidiary and associated companies can be categorized into four segments: real estate development unit, construction business unit, retail business unit and services-oriented unit. The shareholding structure of the Offeror's group of companies is as follows:



1. Formerly named Mariya Stuff Co., Ltd.

2. Formerly named Share Group Co., Ltd.

Brief information of the Offeror and its subsidiaries and related companies is as follows:

| Company name | Type of business | Paid-up capital | Shareholding (%) |
|-------------------------------------|---|-----------------------|------------------|
| Real estate development unit | | | |
| Property Perfect Plc. | Development of housing estate and condominium projects | Baht 5,782.95 million | |
| Estate Perfect Co., Ltd. | Development of single houses and townhouses | Baht 1,200.00 million | 100.00 |
| Bright Development Bangkok | Development of premium-grade residential properties for | Baht 1,000.00 | 100.00 |

| Company name | Type of business | Paid-up capital | Shareholding (%) |
|--|--|-----------------------|--------------------|
| Co., Ltd. | rent, primarily to college students, in areas close to universities under Uniloft brand | million | |
| Residence Number Nine Co., Ltd. ("Residence") | Development of low-rise small residential properties in promising locations, focusing on customers with young families and demand for single houses or townhouses. In 2014, Residence expanded its property development business to Chiang Mai, where there is a strong potential and growing demand for residences, under Perfect Place Chiang Mai brand. | Baht 1,000.00 million | 100.00 |
| Chiangmai Development Co., Ltd. | Development of low-rise residential properties in Chiang Mai, but presently not yet operated any project | Baht 200.00 million | 100.00 |
| Property Perfect International Pte. Ltd. ("PPI") | Investment in and development of real estate overseas | SGD 1.00 million | 100.00 |
| Kiroro Resort Holdings Co., Ltd. (Formerly Share Group Co., Ltd. ("SG")) | Property development and hotel business in Japan, with plan to invest in property development on a 292-rai land on Hokkaido Island, Japan, which is under detailed study | JPY 752.17 million | 95.61 ¹ |
| Kabushiki Kaisha Kiroro Associates Co., Ltd. | Established under the law of Japan to engage in hotel management business | JPY 60.00 million | 95.61 ² |
| Construction business unit | | | |
| U&I Construction Bangkok Co., Ltd. | Provision of construction service on single houses, duplexes, townhouses and condominiums for PF group member companies to enhance flexibility in construction work management | Baht 100.0 million | 100.00 |
| Perfect Prefab Co., Ltd. | Production and installation of structures and finished parts for residences and townhouses, project fencing, and parts for condominiums with prefab technology | Baht 2.50 million | 51.00 |
| Retail business unit | | | |
| We Retail Plc. ("WR") | Development of shopping centers, office buildings and commercial areas for rent in form of community malls, consisting of Metro West Town Project which was already opened in late 2014 and Metro East Town Project which is scheduled for opening in 2015 | Baht 1,330.91 million | 93.31 |
| Centerpoint Shopping Mall Co., Ltd. ("CTP") | Management and development of shopping centers and office buildings for rent. CTP owns land and leasehold rights in areas in the East and West Sections of Ratchadaphisek Road and plans to develop a closed-type shopping mall and office buildings for rent. | Baht 500.00 million | 93.31 ³ |
| Raminthra Mall Co., Ltd. (formerly Mariya Stuff Co., Ltd.) | Owning leasehold right of land in Khlong Kum, Bang Kapi, Bangkok, which the Offeror plans to develop into a shopping center | Baht 350.00 million | 100.00 |

| Company name | Type of business | Paid-up capital | Shareholding (%) |
|--------------------------------------|--|-------------------|------------------|
| Services-oriented unit | | | |
| Perfect Sport Club Co., Ltd. | Management of fitness and sport clubs in property projects of the group | Baht 5.00 million | 100.00 |
| Uniloft Service (Thailand) Co., Ltd. | Operating a serviced apartment and managing the group's real estate projects | Baht 1.33 million | 100.00 |

Source: Annual registration statement (Form 56-1) for 2014 of Property Perfect Plc.

- Note:
1. Shareholding by PPI
 2. Shareholding by SG
 3. Shareholding by WR

5.1.3 Shareholder structure

As at March 17, 2015, the latest shareholder register book closing date to determine the list of shareholders who were entitled to attend the Annual General Meeting of Shareholders of the Offeror, the Offeror had a registered capital of Baht 10,737,610,610 (or 10,737,610,610 ordinary shares with a par value of Baht 1.00 per share), with an issued and paid-up capital of Baht 5,782,951,655 divided into 5,782,951,655 ordinary shares. Its top 10 shareholders are as follows:

| No. | Shareholder | Number of shares (shares) | % |
|--------------|--|---------------------------|---------------|
| 1 | Andaman Long Beach Resort Co., Ltd. | 564,426,331 | 9.76 |
| 2 | The Hongkong and Shanghai Banking Corporation Ltd., Fund Services Department | 410,000,000 | 7.09 |
| 3 | Japan Asia Group Ltd. | 381,050,475 | 6.59 |
| 4 | Natee International Law Office Co., Ltd. | 291,494,374 | 5.04 |
| 5 | Mrs. Sumalee Ongjarit | 218,481,874 | 3.78 |
| 6 | Miss Sajee Lipisuntorn | 158,400,000 | 2.74 |
| 7 | Bualuang Long-Term Equity Fund | 132,967,400 | 2.30 |
| 8 | Provident Fund for employees of the Electricity Generating Authority of Thailand, registered by BBL Asset Management | 120,275,000 | 2.08 |
| 9 | Bualuang Long-Term Equity Fund 75/25 | 119,895,600 | 2.07 |
| 10 | Mr. Denchai Pinkanchanapaiboon | 92,000,000 | 1.59 |
| 11 | Others | 3,293,960,601 | 56.96 |
| Total | | 5,782,951,655 | 100.00 |

Source: Stock Exchange of Thailand

5.1.4 Board of Directors

The Board of Directors of the Offeror as of April 28, 2015 consisted of 12 members, as listed below:

| Name | Position |
|--|---|
| 1. Dr. Tawatchai Nakhata | Chairman |
| 2. Mr. Virayuk Puntupetch | Deputy Chairman/Independent Director |
| 3. Mr. Chainid Adhyanasakul | Director/Chief Executive Officer |
| 4. Mr. Phairat Senachack | Director |
| 5. Mr. Vidhya Nativivat | Director |
| 6. Miss Sirirat Wongwattana | Director |
| 7. Mr. Ooi Bun Aun | Director |
| 8. Mrs. Nuanual Swasdikula-Na-Ayudhaya | Independent Director |
| 9. Dr. Suchatchawi Suwansawat | Independent Director |
| 10. Mr. Krish Follett | Independent Director/Audit Committee Chairman |
| 11. Mr. Somsak Toruksa | Independent Director/Audit Committee Member |
| 12. Prof. Dr. Thamnoon Ananthothai | Independent Director/Audit Committee Member |

Source: Stock Exchange of Thailand

5.1.5 Summary of financial position of the Offeror

| Consolidated financial statements | 2012 | | 2013 | | 2014 | |
|--|-----------------|--------|-----------------|--------|-----------------|--------|
| | (Restated) | | (Audited) | | (Audited) | |
| | Baht million | % | Baht million | % | Baht million | % |
| Key accounting items | | | | | | |
| Total assets | 26,175.62 | 100.00 | 30,668.10 | 100.00 | 31,305.12 | 100.00 |
| Total liabilities | 17,544.98 | 67.03 | 22,021.72 | 71.81 | 22,294.80 | 71.22 |
| Shareholders' equity (attributable to equity holders of the company) | 8,595.68 | 32.84 | 8,629.10 | 28.14 | 8,952.39 | 28.60 |
| Total revenues | 9,269.72 | 100.00 | 11,228.77 | 100.00 | 12,785.35 | 100.00 |
| Net profit (attributable to equity holders of the company) | 257.85 | 2.78 | 82.93 | 0.74 | 398.80 | 3.12 |
| Key financial ratios | | | | | | |
| Gross profit margin (%) | | 36.00 | | 33.11 | | 31.67 |
| Net profit margin (%) | | 2.19 | | 0.37 | | 3.15 |
| Debt to equity ratio (time) | | 2.03 | | 2.55 | | 2.47 |

5.2 Reasonableness of the offering price for the ordinary shares

As a basis for determining reasonableness of the offering price for the ordinary shares, the IFA has measured a fair value of the Company's shares, using different valuation approaches as follows:

- (1) Book Value Approach
- (2) Adjusted Book Value Approach
- (3) Weighted Average Market Price Approach
- (4) Market Comparables Approach
- (5) Discounted Cash Flow Approach

5.2.1 Valuation of TPROP shares

5.2.1.1 Book Value Approach

The share valuation by this method exhibits the book value of TPROP at a given period of time. Here, the calculation is based upon the Company's book value on its audited financial statement as of December 31, 2014. The calculation of TPROP's book value is as tabulated below:

| | Amount (Baht 000's) |
|---|---------------------|
| Issued and fully paid-up capital | 3,193,185 |
| Discount on ordinary shares | (881,114) |
| Retained earnings – Appropriated | 5,934 |
| Retained earnings (deficits) – Unappropriated | (236,651) |
| Deficit from changes in shareholding in the subsidiaries | (8,457) |
| Equity holders of the Company | 2,072,898 |
| <i>Number of issued and paid-up shares (000's shares)</i> | 3,193,185 |
| Book value per share (Baht/share) | 0.65 |

Under the book value approach, TPROP shares are valued at Baht 0.65 per share.

5.2.1.2 Adjusted Book Value Approach

5.2.1.2.1 Adjusted book value approach from consolidated financial statement of the Company

Under this method, the shares are valued based on TPROP's book value shown on its audited consolidated financial statement as of December 31, 2014, adjusted by certain items to reflect the true financial standing of the Company, then divided by the total number of issued and fully paid shares of the Company. We have adjusted the book value of the following transactions:

1. **Trade accounts receivable:** We have made adjustment by increasing the allowance for doubtful accounts according to the outstanding balance of receivables overdue more than 12 months, totaling Baht 34.05 million, since we consider, on a conservative basis, that the longer the accounts are overdue, the more unlikely that they will be collectible. Here are details of the adjustment:

| | (Baht million) |
|---|----------------|
| Allowance for doubtful accounts | 46.43 |
| Receivables overdue more than 12 months | <u>80.48</u> |
| Difference (booked allowance – receivables overdue more than 12 months) | <u>(34.05)</u> |

2. **Book value of various projects of GRAND and its subsidiaries:** We have adjusted value of all projects based on the latest appraisal value. GRAND has engaged Knight Frank Chartered (Thailand) Co., Ltd. ("KFT"), a capital market property valuer and an SEC-approved principal appraiser, to appraise properties in all projects. Details of the property appraisal, which was conducted by KFT for public purposes, can be summed up as follows:¹

- a) **The Westin Grande Sukhumvit Hotel ("the Westin Hotel") and Robinson Department Store Sukhumvit ("Robinson")**

Details of property

The Westin Hotel and Robinson are located at the corner of Sukhumvit Road and Soi Sukhumvit 17 and 19 on a total land area of 5-0-55.70 rai, of which 40.70 square wah is

¹ The IFA has not made adjustment to property value in The Trendy Condominium Project because, presently, there are only two units remaining one of which is being seized and the other is being used as a sales office. As at December 31, 2014, such property had a book value of approximately Baht 14.87 million.

owned by GRAND and 5-0-15 rai is under a leasehold right. Details of such land are as follows:

■ Land under GRAND's ownership

| No. | Title deed no. | Parcel no. | Dealing file no. | Total area as per title document | | | Ownership | Encumbrance |
|-------------------|----------------|------------|------------------|----------------------------------|----------|--------------|-----------|-------------|
| | | | | Rai | Ngan | Sq. wah | | |
| 1 | 4868 | 5284 | 297 | 0 | 0 | 13.50 | GRAND | None |
| 2 | 233315 | 5493 | 27830 | 0 | 0 | 13.60 | | |
| 3 | 233316 | 5494 | 27831 | 0 | 0 | 13.60 | | |
| Total area | | | | 0 | 0 | 40.70 | | |

■ Land under leasehold right

| No. | Title deed no. | Parcel no. | Dealing file no. | Total area as per title document | | | Ownership | Encumbrance |
|-------------------|---------------------|------------|------------------|----------------------------------|----------|--------------|--|--|
| | | | | Rai | Ngan | Sq. wah | | |
| 1 | 3501 ¹ | 2017 | 378 | 5 | 0 | 2.00 | 1. Bangsue Co., Ltd. 2. Bangrak Co., Ltd. 3. Mr. Priyanan Rattanakanok 4. Mr. Premanon Rattanakanok 5. Ms. Amputchani Rattanakanok | 1) The land is leased under a 30-year lease agreement by PS Development Group of Companies Co., Ltd. ³ (Lessee) from Apr 17, 1992 to Apr 16, 2022. 2) Bangsue Co., Ltd. and Bangrak Co., Ltd. have mortgaged only the parcels of land owned by them to Mr. Thitanon, Gen. Orachun Phiboonnakornin and Mrs. Karada Dawaleephotej. |
| 2 | 6568 ^{1,2} | 3148 | 912 | 0 | 0 | 13.00 | Mrs. Praromrat Chotikasatien | |
| Total area | | | | 5 | 0 | 15.00 | | |

- Note: 1. Phra Khanong Provincial Court, by a letter dated November 11, 2011, issued a transfer prohibition order No. SorYor 301.013/(Khor)28311 dated November 8, 2011 as per Civil Lawsuit Black Case No. 10108/2551 and Red Case No. 1478/2553 between Ms. Amputchani Rattanakanok (Plaintiff) and GRAND (Defendant) regarding a breach of agreement.
2. The land was formerly owned by Ms. Amputchani Rattanakanok and was sold (while under lease) to Mrs. Praromrat Chotikasatien on September 28, 2011.
3. The company was renamed Grande Asset Hotels and Property Plc.

The Westin Hotel and Robinson are located in the same building, which has 25 stories and two basement floors with a total space of about 66,110.65 square meters, divided into

22,314.32 square meters for Robinson and 43,796.33 square meters for the Westin Hotel.

Details of each section are as follows:

■ Usable area of Robinson

Robinson is located on Floors B1, B2 and G to 4 of the Podium. The interior space is divided into leased area of approximately 9,671.81 square meters, common area of about 4,615.16 square meters, and parking space with driveway inside the building of about 8,027.35 square meters. Details of the usable area are as follows:

| Level | Total leased area (sq.m.) | Common area (sq.m.) | Total leased and common area (sq.m.) | Parking and driveway (sq.m.) | Total area (sq.m.) |
|--------------|---------------------------|---------------------|--------------------------------------|------------------------------|--------------------|
| B2 | - | 538.20 | 538.20 | - | 538.20 |
| B1 | 3,632.21 | 188.32 | 3,820.53 | - | 3,820.53 |
| Ground | 1,753.08 | 804.04 | 2,557.12 | 941.00 | 3,498.12 |
| 2 | 1,919.89 | 1,039.54 | 2,959.43 | 1,216.00 | 4,175.43 |
| 3 | 2,335.83 | 1,052.21 | 3,388.04 | 1,416.00 | 4,804.04 |
| 4 | 30.80 | 992.85 | 1,023.65 | 4,454.35 | 5,478.00 |
| Total | 9,671.81 | 4,615.16 | 14,286.97 | 8,027.35 | 22,314.32 |

Details of the lease agreement between GRAND and Robinson can be summarized as follows:

| | | |
|------------------------|---|---|
| Lessor | : | PS Development Group of Companies Co., Ltd. ¹ |
| Lessee | : | Robinson Sukhumvit Co., Ltd. |
| Leased property | : | Part of the building at address no. 259 Sukhumvit Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok |
| Lease period | : | 30 years from November 1, 1990 to October 31, 2020 |
| Significant conditions | : | 1) The Lessee shall make an extra payment of Baht 286.24 million. 2) The leased area specified in the reciprocal agreement for partial building lease dated April 29, 1989 is 13,011 square meters (the actual leased area could be more or less than that specified herein). 3) Building tax for the leased area shall be borne on a 50:50 basis by the Lessor and the Lessee. |

Note: 1. Being renamed Grande Asset Hotels and Property Plc.

Robinson Sukhumvit Co., Ltd. has transferred the leasehold right of building space (partly) to Robinson Department Store Plc.

■ Usable area of the Westin Hotel

The Westin Hotel is a five-star hotel under management of Starwood. It is located on Floors B1, B2, G and 5–25, with a total interior space of approximately 43,796.33 square meters, offering 362 guestrooms and other services and amenities with parking space for around 400 cars. Details of the usable area are as follows:

| Level | Room area | | Common area (sq.m.) | Parking and driveway (sq.m.) | Total area (sq.m.) |
|----------------|-------------------|----------------------|------------------------|---------------------------------|-----------------------|
| | Guestroom (sq.m.) | No. of rooms (rooms) | | | |
| B1 and B2 | - | - | 1,661.70 | - | 1,661.70 |
| G - 9 | - | - | 11,905.73 | 9,516.00 | 21,421.73 |
| 10 - 24 (23) | 13,460.00 | 362.00 | 5,606.90 | - | 19,066.90 |
| 25 (24) | - | - | 641.00 | - | 641.00 |
| Roof deck (25) | - | - | 1,005.00 | - | 1,005.00 |
| Total | 13,460.00 | 362.00 | 20,820.33 | 9,516.00 | 43,796.33 |

Appraisal

In the appraisal to identify value of the leasehold right according to the current status of property use with remaining lease term of 7 years and 62 days from the appraisal date under assumption that there is not any legal dispute or obligation relating to the property use or any obligation under the lease agreement or any agreements that could affect the use of property appraised under the property appraisal report dated February 27, 2015, KFT deemed that the income approach with the discounted cash flow technique was suitable for appraisal of such property and the cost method was used for examining such appraisal result only.

■ Robinson

The building space lease agreement of Robinson will expire on October 31, 2020, which is 1 year and 167 days ahead of expiration of the land lease agreement that will expire on April 16, 2022. KFT discovered from examination of the said agreement that, throughout the remaining agreement term, the rentees will fully pay rental fees to the renter and, thus, GRAND will not earn income throughout the term of the building space lease agreement. KFT accordingly estimated revenues from such property based on value of the property under the income approach over a period of 1 year and 167 days only, whereby the rentees of retail space can continue to rent the building space until the end of the land lease agreement without any legal implications. Key assumptions used by KFT for appraisal of Robinson are as follows:

| Items | Assumptions |
|--|--|
| <u>Plaza: Long-term rental</u> | |
| Net rentable area | 3,593.21 sq.m. |
| Occupancy rate of rentable area | 100% |
| Average rental rate and service charge | Baht 550/sq.m./month |
| <u>Plaza: Short-term rental</u> | |
| Net rentable area | 1,721.85 sq.m. |
| Occupancy rate of rentable area | 97% |
| Average rental rate and service charge | Year 1: Baht 2,050/sq.m./month (increasing 3.5% per year) |
| <u>Department store area</u> | |
| Net rentable area | 4,356.75 sq.m. |
| Occupancy rate of rentable area | 100% |
| Average rental rate and service charge | Year 1: Baht 410/sq.m./month (increasing 3.5% per year) |
| <u>Other income</u> | |
| Parking fee | Baht 0.20 million/month (increasing 3.0% per year) |
| Others | 5.0% of space rental income |
| <u>Operating expenses</u> | |
| Premises management fee | Year 1: Baht 200/sq.m./month (increasing 3.0% per year) |
| Marketing expenses | 2.5% of total revenues |
| Repair & maintenance cost | 3.0% of total revenues |
| <u>Other expenses</u> | |
| Insurance | 0.12% of new construction cost |
| Building tax at 12.5% | 20.0% of space rental income |
| Reserves for renovation | 3.5% of total revenues |
| Discount rate | 18.0% as at the expiry date of the existing lease agreement (October 31, 2020) and 6.0% from the expiry date of the existing agreement to the appraisal date (February 13, 2015) |

Under the above assumptions, KFT calculated present value as at the appraisal date of the leasehold right for Robinson at Baht 51.00 million.

■ The Westin Hotel

KFT appraised the Westin Hotel by using the key assumptions as follows:

| Items | Assumptions |
|-------------------|--|
| Revenues | |
| <u>Guestrooms</u> | |
| Number of rooms | 362 rooms |
| Average room rate | Year 1: Baht 3,950/room/night (increasing 4.5% per year) |
| Occupancy rate | 75.00% |

| Items | Assumptions |
|--|--|
| <u>Food & beverages</u> | |
| Food & beverages income | Year 1: Baht 1,600/room/night (increasing 4.00% per year) |
| <u>Others</u> | |
| Telephone fee | Year 1: Baht 60/room/night (increasing 1.00% per year) |
| Others | Year 1: Baht 380/room/night (increasing 4.00% per year) |
| Cost of sales and services | |
| <u>Room section</u> | |
| Total cost of room section | Year 1: Baht 700/room/night (increasing 3.00% per year) |
| <u>Food & beverages section</u> | |
| Total cost of food & beverages section | 51.38% of food & beverages income |
| <u>Telephone section</u> | |
| Total cost of telephone section | 50.00% of telephone fee income |
| <u>Other sections</u> | |
| Total cost of other sections | 50.00% of other section income |
| Other expenses | |
| Expenses of administrative/general service section | Year 1: Baht 350/room/night calculated from total number of guestrooms (increasing 3.00% per year) |
| Selling and marketing expenses | Year 1: Baht 270/room/night calculated from total number of guestrooms (increasing 3.00% per year) |
| Cost of energy | Year 1: Baht 275/room/night calculated from total number of guestrooms (increasing 2.00% per year) |
| Expenses of repair & maintenance section | Year 1: Baht 200/room/night calculated from total number of guestrooms (increasing 3.00% per year) |
| Overhead cost and other expenses | |
| - Insurance | 0.12% of cost of building construction |
| - Taxes and fees | 12.50% of 15.00% of room revenues |
| Management fee (base fee) | 2.00% of total revenues |
| Incentive fee | 6.00% of profit from operation |
| Discount rate | 18.00% |

Under the above assumptions, KFT calculated value of the leasehold right for the remaining term of 7 years and 62 days as at the appraisal date at Baht 974.00 million.

Therefore, the total appraised value of Robinson and the Westin Hotel is equal to Baht 1,025.00 million. However, GRAND is still under legal proceedings with the lessor of the land where the Westin Hotel and Robinson was situated. The Court of First Instance announced its judgment on the lawsuit, holding that the landlord was entitled to terminate the land lease agreement, with the hotel building to become the property of the landlord. However, the Court of Appeal subsequently dismissed the landlord's claim, and as a result

the land lease agreement remained effective and GRAND was not responsible for any damages. Currently the petition is pending the consideration of the Supreme Court. As such, the IFA has not made any adjustment on the value of the Westin Hotel and Robinson due to the uncertainty of such litigation.

b) Sheraton Hua Hin Resort & Spa Hotel (“Sheraton Hua Hin Hotel”)

Details of property

Sheraton Hua Hin Hotel is located next to Cha-am Beach and Phetchakasem Road. Being a freehold property, the hotel was opened to service in 2007, comprising eight two-storied buildings with a total of 240 guestrooms, a swimming pool and a garden, totally managed by Honor Business Co., Ltd. under Starwood Group. Details of the major property items are as follows:

■ Land

The land is under seven title deeds of non-connecting plots of land with an aggregate area, according to the title documents, of 34 rai 1 ngan 66.60 square wah, under ownership of Honor Business Co., Ltd., details of which are as follows:

| No. | Title deed no. | Parcel no. | Dealing file no. | Area as per title document | | |
|-------------------|----------------|------------|------------------|----------------------------|----------|--------------|
| | | | | Rai | Ngan | Sq. wah |
| 1 | 5838 | 8 | 21941 | 30 | 2 | 33.00 |
| 2 | 6098 | 58 | 475 | 1 | 2 | 78.00 |
| 3 | 58936 | 4 | 21944 | 1 | 1 | 59.00 |
| 4 | 62245 | 1 | 22583 | 0 | 0 | 86.00 |
| 5 | 62248 | 9 | 22579 | 0 | 0 | 31.00 |
| 6 | 62249 | 6 | 22580 | 0 | 1 | 48.90 |
| 7 | 62251 | 4 | 22582 | 0 | 0 | 30.70 |
| Total area | | | | 34 | 1 | 66.60 |

Note: As of the survey date, KFT found that a part of the land, about 3-3-25.6 rai, was used as a garden, a fountain in front of project site, and a servitude road, whereas an additional area of approximately 1-2-88.3 rai would have to be further registered as servitude road. Currently, the right of servitude has not yet been registered, but the said plot of land has been utilized already. Therefore, KFT did not include such plot of land in the appraisal, resulting in the total area for appraisal of around 28-3-52.7 rai.

■ Buildings and construction

The appraised buildings and construction included the back of house, hotel buildings, Kid's Club, a pool restaurant, a beach bar and restaurant, water sport building, engineering buildings, tennis court, supporting function buildings and other construction, as follows:

| No. | Details | No. of floors | Building size | Building area | No. of buildings |
|-----|--|---------------|----------------|---------------|------------------|
| | | | (m X m) | (sq.m.) | |
| 1 | Back of house | 2 | 90.00 X 100.05 | 13,135 | 1 |
| 2 | Hotel building, Block 1, 2, 3, 6 and 7 | 2 | 24.80 X 40.50 | 9,240 | 5 |
| 2.1 | Hotel building, Block 4 | 2 | 19.30 X 33.35 | 1,658 | 1 |
| 2.2 | Hotel building, Block 5 | 2 | 24.80 X 48.50 | 2,270 | 1 |
| 2.3 | Hotel building, Block 8 | 2 | 19.30 X 33.35 | 1,658 | 1 |
| 3 | Salas pool restaurant | 1 | 6.00 X 20.95 | 156 | 1 |
| 4 | Luna Lanai beach bar & restaurant | 1 | 9.00 X 25.55 | 216 | 1 |
| 5 | Kid's Club | 1 | 6.00 X 16.00 | 152 | 1 |
| 6 | Banquet and parking | 5 | 39.40 X 42.55 | 5,252 | 1 |
| 7 | Engineering buildings | 2 | 10.00 X 21.00 | 187 | 1 |
| 8 | Service building | 1 | 8.60 X 20.30 | 134 | 1 |
| 9 | Office and storage building | 1 | 4.00 X 7.50 | 30 | 1 |

■ Other properties

Other appraised properties included:

- Other construction such as swimming pool, tennis court, project road, fence and concrete ground
- M&E system such as electricity and communication system, sanitary and fire protection system, air-conditioning and ventilation system, passenger lift, swimming pool working system, and gas system
- Furniture and office equipment for hotel operation

Appraisal

In the appraisal to identify a market value of the property according to the current status of property use as at the appraisal date of February 11, 2015, KFT deemed that the income approach with the discounted cash flow technique was suitable for appraisal of such property and the depreciated replacement cost method was used for examining such appraisal result only. Key assumptions used for the appraisal are as follows:

| Items | Assumptions |
|----------|-------------|
| Revenues | |

| Items | Assumptions |
|--|--|
| Number of guestrooms | 240 rooms |
| Occupancy rate | Year 1: 70% Year 2: 72% Year 3 onwards: 75% |
| Average room rate | Baht 4,000/room/night (increasing 4% per year in years 2 – 7 and then 7% in year 10 and 5% in year 11) |
| Food & beverages income | Year 1: Baht 2,600/room/night (increasing 4% per year) |
| Telephone fee | Year 1: Baht 5/room/night (increasing 1% per year) |
| Other income | Year 1: Baht 320/room/night (increasing 4% per year) |
| Cost of sales and services | |
| Room section | Baht 680/room/night (increasing 3% per year) |
| Food & beverages section | 51.54% of food & beverages income |
| Telephone section | 50% of telephone fee income |
| Other sections | 40% of other section income |
| Operating expenses | |
| Administrative/general service section | Year 1: Baht 415/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Selling and marketing expenses | Year 1: Baht 285/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Cost of energy | Year 1: Baht 350/room/night calculated from total number of guestrooms (increasing 2% per year) |
| Expenses of repair & maintenance section | Year 1: Baht 230/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Other expenses | |
| Insurance | 0.12% of cost of building construction |
| Taxes and fees | 12.50% of 20% of room revenues |
| Discount rate | 10% |

In calculating the terminal value, KFT assumed that the property is disposed of by the end of year 10. Based on net cash flow receivable in year 11 and rate of return at 9% of appraised value of the property under the above assumptions, the terminal value was estimated at Baht 2,145.00 million.

c) Sheraton Hua Hin Pranburi Villas (“Sheraton Pranburi”)

Details of property

Sheraton Pranburi (formerly Six Senses Hideaway Hua Hin), built in 2002, is a resort on Pranburi Beach. It is a five-star hotel of 53 guestrooms operated under the management of

Starwood Hotels and Resorts Worldwide, Inc., located on a Pranburi beachfront road. The appraised property consists of land leasehold right, buildings and construction, furniture and equipment used for hotel operation. Details of the major property items are as follows:

■ Land

Sheraton Pranburi is located on a leased land under title deed no. 480, parcel no. 502, dealing file no. 76, with a total area as per the title document of 48-2-97 rai under ownership of Ministry of Finance (lessor). Part of the land, 25-2-42.25 rai, has been leased to Owendelle Co., Ltd. (lessee) under a lease agreement for a term of 27 years, 2 months and 28 days, or from August 11, 2005 to November 7, 2032. As at the appraisal date (February 12, 2015), the remaining lease term was 17 years and 270 days.

The main access to the property is Pak Nam Pran – Khao Kalok Soi 3 Road, whereas Pranburi beachfront road is exclusively used as a walking path to the beach by sharing with Evason Hotel. The road is about two meters wide, of which about one meter belongs to the appraised property and the remainder is on the other's private property (belonging to Evason Hotel).

■ Buildings and construction

The appraised buildings and construction were 53 villas (guestrooms) complete with utilities and facilities. The buildings have been in use for about 13 years and were refurbished in mid-2013. Details of usable areas of the buildings are as follows:

| No. | Details | Total usable areas (sq.m.) |
|--------------|--|----------------------------|
| 1 | Usable area of villas/guestrooms for sale | 13,192.00 |
| 2 | Usable area of services and facilities section | 2,158.00 |
| 3 | Usable area of back of the house section | 2,059.00 |
| Total | | 17,409.00 |

Details of guestrooms can be summed up as follows:

| No. | Room type | Room size (m X m) | Bedroom/ Bathroom | Usable area (incl. garden) (sq.m.) | No. of rooms (rooms) |
|--------------|-------------------|-------------------|----------------------|---------------------------------------|-------------------------|
| 1 | Pool Villa | 13.70 X 18.30 | 1/1 | 248 | 20 |
| 2 | Pool Villa Suite | 16.90 X 18.60 | 1/1 | 376 | 17 |
| 3 | Duplex Pool Villa | 13.20 X 23.70 | 1/1 | 373 | 16 |
| Total | | | | | 53 |

Appraisal

In the appraisal to identify a market value of the leasehold right as lessee of Sheraton Pranburi with remaining lease term of 17 years and 270 days on an unencumbered basis according to the property appraisal report dated February 27, 2015, KFT deemed that the income approach with the discounted cash flow technique was suitable for appraisal of such property and the cost method was used for examining such appraisal result only.

KFT appraised the property for the remaining lease term under assumption that there is not any legal dispute or obligation relating to the property use or any agreements that could affect the use of property, directly and indirectly, which may impact value of the property.

Key assumptions used in the appraisal are as follows:

| Items | Assumptions |
|-----------------------------------|---|
| Revenues | |
| <u>Guestrooms</u> | |
| Number of rooms | 53 rooms |
| Average room rate | Year 1: Baht 7,900/room/night Year 2: Increasing 4% per year Year 3: Increasing 6% per year Years 4-7: Increasing 4% per year Years 8-9: No increase from preceding year Year 10: Increasing 7% per year Year 11: Increasing 5% per year Years 12-17: Increasing 4% per year Year 18: No increase from preceding year |
| Occupancy rate | Year 1: 45% Year 2: 50% Year 3 onwards: 60% |
| <u>Food & beverages</u> | |
| Food & beverages income | Year 1: Baht 3,500/room/night (increasing 4% per year) |
| Other income | Year 1: Baht 20/room/night (increasing 4% per year) |
| <u>Others</u> | |
| Telephone fee | Year 1: Baht 10/room/night (increasing 1% per year) |
| Other income | Year 1: Baht 670/room/night (increasing 4% per year) |
| Cost of sales and services | |
| <u>Room section</u> | |
| Salary | Year 1: Baht 500/room/night (increasing 3% per year) |
| Others | Year 1: Baht 350/room/night (increasing 2% per year) |
| Food & beverages section | 49.70% of food & beverages income |
| Telephone section | 50% of telephone fee income |

| Items | Assumptions |
|--|---|
| Other sections | 40% of other section income |
| Operating expenses | |
| Administrative/general service section | |
| Salary | Year 1: Baht 325/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Others | Year 1: Baht 200/room/night calculated from total number of guestrooms (increasing 2% per year) |
| Selling and marketing expenses | |
| Salary | Year 1: Baht 185/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Others | Year 1: Baht 170/room/night calculated from total number of guestrooms (increasing 2% per year) |
| Cost of energy | Year 1: Baht 390/room/night calculated from total number of guestrooms (increasing 2% per year) |
| Expenses of repair & maintenance section | |
| Salary | Year 1: Baht 165/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Others | Year 1: Baht 100/room/night calculated from total number of guestrooms (increasing 2% per year) |
| Other expenses | |
| Management fee | 2.0% of total revenues |
| Incentive fee | 7.5% of income from operation after management fee |
| Reserves for repair & maintenance | 3.0% of total revenues |
| Insurance | 0.12% of cost of building construction |
| Taxes and fees | 12.50% of 15.00% of room revenues |
| Discount rate | 13.50% |

Under the above assumptions, KFT appraised value of the leasehold right for the remaining term of 17 years and 270 days as at the appraisal date and arrived at value of the property, after deduction of net present value of land lease fee, of Baht 482.00 million.

d) Construction of Hyatt Regency Bangkok Sukhumvit (“Hyatt Sukhumvit”)

Details of property

The appraised property included land, buildings and construction located at the corner of Sukhumvit Road and Soi Sukhumvit 13. The property is currently under construction and development into a four-star hotel offering 273 guestrooms under the management of Hyatt

International Corporation. It is expected to be ready and opened to service by late 2017 (assuming that the construction takes about two years from the appraisal date). Details of the key property items are as follows:

■ Land

The land is a freehold property owned by GRAND under two title deeds for two adjoining plots of land with a total area of 3 rai 1 ngan 27.5 square wah.

| No. | Title deed no. | Parcel no. | Dealing file no. | Area as per title document | | |
|--------------|----------------|------------|------------------|----------------------------|----------|--------------|
| | | | | Rai | Ngan | Sq. wah |
| 1 | 915 | 5657 | 80 | 0 | 1 | 29.00 |
| 2 | 1187 | 5665 | 100 | 2 | 3 | 98.50 |
| Total | | | | 3 | 1 | 27.50 |

■ Building (under construction)

Construction of the appraised building began around October 2004 prior to emergence of economic slump, and was later suspended in September 2008. GRAND plans to develop such property into a four-star hotel in the name of Hyatt Regency Bangkok Sukhumvit with a total building space of approximately 38,912 square meters, consisting of 273 guestrooms and all facilities and amenities. Presently, construction is still underway, with structural works for Levels 1 – 6 completed by 9.15% on average. Details of the project areas are as follows:

| No. | Level | Section | Area (sq.m.) |
|-------------------|---------------------|--|------------------|
| 1 | Basement | Supporting function and common area | 2,718.00 |
| 2 | Floors 1-6 (Podium) | Commercial (retail shops) | 1,129.00 |
| | | Hotel facilities | 3,534.00 |
| | | Banquet room | 1,100.00 |
| | | Spa & health club | 282.00 |
| | | Swimming pool | 572.00 |
| | | Hotel supporting function | 1,434.50 |
| | | Stair-lift area, control room, storage room and corridor | 3,247.50 |
| | | Parking and driveway (238 cars) | 7,507.00 |
| 3 | Floors 7-27 | Guestroom (273 rooms) | 12,946.00 |
| 4 | Floors 26 and 28 | Hotel facilities (club and restaurant) | 834.00 |
| | | Stair-lift area, control room, storage room and corridor | 3,608.00 |
| Total area | | | 38,912.00 |

Appraisal

In the appraisal to identify a market value of the property according to the current status of property construction on an unencumbered basis according to the property appraisal report dated February 27, 2015, KFT employed the income approach with the discounted cash flow technique for the appraisal of such property and the cost method for examining such appraisal result.

■ Appraisal by Income Approach

The assumptions used for property appraisal by the income approach are as follows:

| Items | Assumptions |
|-------------------------------|--|
| Revenues | |
| <u>Guestrooms</u> | |
| Number of rooms | 273 rooms |
| Average room rate | Year 1: Baht 4,300/room/night Year 2: Increasing 12% per year Year 3: Increasing 10% per year Year 4: Increasing 7% per year Years 5-7: Increasing 4.5% per year Years 8-9: No increase from the preceding year Year 10: Increasing 7% per year Year 11: Increasing 5% per year |
| Occupancy rate | Year 1: 55% Year 2: 60% Year 3: 68% Year 4: 72% Year 5 onwards: 75% |
| Food & beverages section | Year 1: Baht 3,800/room/night (increasing 4% per year) |
| <u>Commercial area rental</u> | |
| Rental rate | Year 1: Baht 1,200/sq.m./month (increasing 10% every three years) |
| Rentable area | 1,500 sq.m. |
| Occupancy rate | Year 1: 40% Year 2: 50% Year 3 onwards: 60% |
| <u>Others</u> | |
| Telephone fee income | Year 1: Baht 20/room/night (increasing 1% per year) |
| Other income | Year 1: Baht 400/room/night (increasing 3% per year) |
| Cost of sales and services | |
| Room section | Year 1: Baht 550/room/night (increasing 3% per year) |

| Items | Assumptions |
|--|---|
| Food and beverages section | 53.05% of food and beverages income |
| Telephone section | 55% of telephone fee income |
| Other sections | 55% of other section income |
| Operating expenses | |
| Administrative/general service section | Year 1: Baht 530/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Selling and marketing expenses | Year 1: Baht 390/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Cost of energy | Year 1: Baht 420/room/night calculated from total number of guestrooms (increasing 2% per year) |
| Expenses of repair & maintenance section | Year 1: Baht 260/room/night calculated from total number of guestrooms (increasing 3% per year) |
| Other expenses | |
| Management fee | 2.0% of total revenues |
| Incentive fee | 6.0% of profit from operation |
| Insurance | 0.12% of construction cost |
| Taxes and fees | 12.5% of 15% of room revenues |
| Progress of construction | 9.15% |
| Target construction period | 24 months from appraisal date (February 13, 2015) |
| Discount rate | 10% |

In calculating the terminal value, KFT assumed that the property is disposed of by the end of year 10. Based on net cash flow receivable in year 11 and rate of return at 9%, the appraised value of the property under the above assumptions is equal to Baht 1,294.00 million.

■ Appraisal by Cost Method – For examining the appraisal result

KFT divided the property appraisal into two major items: 1) land and 2) buildings and construction.

1) Land

KFT used the comparative method for appraising the land by comparison with other plots of land nearby. There were three comparable plots of land selected for the appraisal. Data of those plots of land were analyzed and adjusted up/down based on relevant factors such as location, size, accessibility, potential of land development and use, and others. Details of the market value analysis of the appraised land are as follows:

| Details | Comparable market data | | | Appraised property |
|---|--|--|---|---|
| | Land plot no. 1 | Land plot no. 2 | Land plot no. 3 | |
| Location | Next to Phloenchit Road and BTS Phloenchit Station | Corner of Sukhumvit Road and Soi Sukhumvit 6 | Corner of Sukhumvit Road and Soi Sukhumvit 39 | Next to Sukhumvit Road and Soi Sukhumvit 13 |
| Land area (sq. wah) | 1,105.70 | 1,244.10 | 1,348.00 | 1,327.50 |
| Land shape | Almost rectangle | Almost rectangle | Polygon | Almost trapezoid |
| Road-front width (m) | 82 | 75 | 45 | 66 |
| Floor area ratio (FAR) | 10 : 1 | 10 : 1 | 8 : 1 | 10 : 1 |
| Open space ratio (OSR) | 3% | 3% | 4% | 3% |
| Land use | Commercial | Commercial | Commercial | Commercial |
| Offering price (Baht/sq wah) | - | 1,600,000 | - | |
| Expected selling price (Baht/sq wah) | - | 1,550,000 | - | |
| Sale and purchase price (Baht/sq wah) | 1,455,693 | - | 1,318,189 | |
| Offering date/Sale and purchase date | January 2011 | January 2015 | Mid-2012 | |
| Adjusted by sale and purchase period (Baht/sq wah) | 174,683 | - | 65,909 | |
| Adjusted by filling cost (Baht/sq wah) | - | - | - | |
| Total price after initial adjustment (Baht/sq wah) | 1,630,376 | 1,550,000 | 1,384,098 | |
| Adjustment by following factors (Baht/sq wah) | | | | |
| - Location | -10% or -163,038 | -5% or -77,500 | 3% or 41,523 | |
| - Land area | 0% | 0% | 0% | |
| - Land shape | 0% | 0% | 0% | |
| - Land width | 0% | 0% | 0% | |
| - Potential of land use | -5% or -81,519 | -5% or -77,500 | 0% | |
| - Relevant regulations and laws | 0% | 0% | 0% | |
| Adjusted price (Baht/sq wah) | 1,385,820 | 1,395,000 | 1,425,621 | |
| Weighting | 0.1181 | 0.1863 | 0.6956 | |
| Weighted price (Baht/sq wah) | 163,664 | 259,937 | 991,613 | 1,415,215 or 1,400,000 |

Based on the adjusted price, KFT viewed that an appropriate market value of the appraised land should be approximately Baht 1,858.00 million (rounded off).

2) Buildings and construction

KFT used the estimated construction cost-to-date method for appraising buildings and construction through comparison with a standard construction cost of four-star hotel. For such property, consisting of a hotel building with 28 levels and one basement floor, M&E system, interior decoration, other construction, furniture and equipment, the total cost of

construction after full completion is approximately Baht 1,878 million. Therefore, the cost of construction that is currently completed by 9.15% is equal to approximately Baht 172 million.

From the appraisal of Hyatt Sukhumvit project, KFT found that the appraised value derived from the income approach of approximately Baht 1,294.00 million is lower than the market value of the said land appraised by the cost method at about Baht 1,858.00 million. This is because the land is not fully utilized (FAR 7.3 : 1) when compared with the legal limit of FAR at 10 : 1. Based on such FAR, the building should have a total area of about 53,100 square meters, but the building area under the existing project is approximately 38,912 square meters. Therefore, for this property, KFT appraised only the land value, by basing on the market value, and arrived at a total estimated value of Hyatt Sukhumvit of Baht 1,858.00 million.

e) Construction of Hyde Sukhumvit 11 Condominium (“Hyde Sukhumvit 11”)

Details of property

The appraised property is a freehold land under a title deed no. 3768 with a total area of 2 rai 1 ngan 58 square wah. The land is in rectangular shape, located on Soi Sukhumvit 11. It was formerly the location of a three-storied hotel in the name of Federal Hotel. GRAND currently plans to develop a condominium project on such land, scheduled for completion by May 2017.

Appraisal

Since the project is still in the piling process, the IFA has appraised the property only as a vacant land according to the property appraisal report by KFT dated November 13, 2013. KFT employed the comparative method to appraise the land and the residual method to examine the appraisal result, under assumption that there is not any legal dispute or obligation that could affect value of the property.

KFT appraised the land by comparison with other plots of land nearby. There were three comparable plots of land selected for the appraisal. Data of those plots of land were analyzed and adjusted up/down based on relevant factors such as location, size, accessibility, potential of land development and use, and others. Details of the market value analysis of the appraised land are as follows:

| Details | Comparable market data | | | Appraised property |
|---|---|---|---|---|
| | Land plot no. 1 | Land plot no. 2 | Land plot no. 3 | |
| Location | Next to Soi Sukhumvit 3, about 350 meters from BTS Nana Station | Next to Soi Sukhumvit 11, about 470 meters from BTS Nana Station | Next to Soi Sukhumvit 23, about 300 meters from BTS Asok Station | Next to Soi Sukhumvit 11, about 380 meters from BTS Nana Station |
| Land area (sq. wah) | 2-0-44.10 rai | 1-2-00 rai | 2-2-17.20 rai | 2-1-58.00 rai |
| Land shape | Polygon (L shape) | Rectangle | Polygon | Rectangle |
| Width of land (m) | 45.00 | 55.00 | 36.50 | 44.00 |
| Floor area ratio (FAR) | 10:1 | 10:1 | 10:1/8:1 | 10:1 |
| Open space ratio (OSR) | 3% | 3% | 3%/4% | 3% |
| Land use | Commercial and residential use in the type of residential condominium | Commercial and residential use in the type of residential condominium | Commercial and residential use in the type of residential condominium | Commercial and residential use in the type of residential condominium |
| Offering price (Baht/sq wah) | 1,250,000 | 1,066,666 | - | |
| Expected selling price (Baht/sq wah) | 1,150,000 | 900,000 | - | |
| Sale and purchase price (Baht/sq wah) | - | - | 910,000 | |
| Offering date/Sale and purchase date | November 2013 | November 2013 | November 2012 | |
| Adjusted by sale and purchase period (Baht/sq wah) | - | - | - | |
| Adjusted by filling cost (Baht/sq wah) | - | - | - | |
| Total price after initial adjustment (Baht/sq wah) | 1,150,000 | 900,000 | 910,000 | |
| Adjustment by following factors (Baht/sq wah) | | | | |
| - Location | -15% or -172,500 | - | -7% or - 63,700 | |
| - Land area | | 5% or 45,000 | | |
| - Land shape | 5% or 57,500 | | 3% or 27,300 | |
| - Land width | | -5% or -45,000 | | |
| - Road-front | -3% or -34,500 | | | |
| - Potential of land use | -10% or -115,000 | | | |
| - Relevant regulations and laws | | | 3% or 27,300 | |
| Adjusted price (Baht/sq wah) | 885,500 | 900,000 | 900,900 | |
| Weighting | 0.1187 | 0.5005 | 0.3808 | |
| Weighted price (Baht/sq wah) | 105,109 | 450,466 | 343,047 | 898,622 or 900,000 |

Based on the above price, KFT viewed that an appropriate market value of the appraised land should be approximately Baht 862.20 million.

f) **Hyde Sukhumvit Condominium (“Hyde Sukhumvit 13”)**

As at December 31, 2014, there were 34 remaining units of Hyde Sukhumvit 13, of which four units were already committed under a sale and purchase agreement and the rest 30 units have not yet been sold, hence, the exact sale and purchase prices are still unknown. The IFA has accordingly adopted the appraised price by KFT, using the comparative method, as a basis for analyzing and determining the selling price of those unsold 30 units.

Details of property and property appraisal

The appraised property is a freehold property, consisting of 30 condominium units with an area ranging from 45.77 to 491.70 square meters per unit or a total area of 4,381.94 square meters. Hyde Sukhumvit 13 is a 43-storied condominium building located next to Soi Sukhumvit 13, completely constructed.

KFT appraised the condominium units according to the property appraisal report dated January 30, 2014 under assumption that there is not any legal dispute or obligation that could affect value of the property. KFT took into account the selling price together with details of furniture and interior decoration of the project’s standards. Details of the remaining condominium units as of December 31, 2014 and selling price derived from the comparative method are as follows:

| No. | Room no. | Area (sq.m.) | Selling price (Baht/unit) |
|-----|----------|--------------|---------------------------|
| 1 | 615 | 104.29 | 15,539,210 |
| 2 | 1011 | 45.77 | 6,966,194 |
| 3 | 1012 | 46.17 | 7,027,074 |
| 4 | 1211 | 45.77 | 7,039,426 |
| 5 | 1212 | 46.17 | 7,100,946 |
| 6 | 12A11 | 45.77 | 7,076,042 |
| 7 | 12A12 | 46.17 | 7,137,882 |
| 8 | 1402 | 72.85 | 11,320,890 |
| 9 | 1412 | 46.17 | 7,174,818 |
| 10 | 1416 | 48.11 | 7,476,294 |
| 11 | 1603 | 110.67 | 17,375,190 |
| 12 | 1816 | 48.11 | 7,630,246 |
| 13 | 2507 | 110.76 | 18,186,792 |
| 14 | 2903 | 77.41 | 12,958,434 |

| No. | Room no. | Area (sq.m.) | Selling price (Baht/unit) |
|--------------|----------|-----------------|---------------------------|
| 15 | 2904 | 125.44 | 20,998,656 |
| 16 | 2906 | 107.91 | 18,064,134 |
| 17 | 3008 | 149.42 | 25,132,444 |
| 18 | 3104 | 125.44 | 21,199,360 |
| 19 | 3207 | 110.76 | 18,807,048 |
| 20 | 3407 | 110.06 | 18,864,284 |
| 21 | 3701 | 188.94 | 44,400,900 |
| 22 | 3702 | 154.55 | 36,319,250 |
| 23 | 3703 | 154.48 | 36,302,800 |
| 24 | 3704 | 179.78 | 42,248,300 |
| 25 | 3706 | 216.86 | 50,962,100 |
| 26 | 3707 | 252.30 | 59,290,500 |
| 27 | 3708 | 239.80 | 56,353,000 |
| 28 | 3901 | 491.70 | 115,549,500 |
| 29 | 3902 | 447.84 | 105,242,400 |
| 30 | 3903 | 432.47 | 101,630,450 |
| Total | | 4,381.94 | 911,374,564 |

From the above information, the 30 condominium units that have not been sold yet were estimated at Baht 911.37 million. Combined with value of the four units already committed under the sale and purchase agreement, the total value of outstanding units as at December 31, 2014 is as follows:

| | (Baht million) |
|--|----------------|
| Value of the units not yet sold | 911.37 |
| Value of the units committed under sale and purchase agreement | <u>58.71</u> |
| Total value of outstanding units | <u>970.09</u> |

g) Hua Hin Blue Lagoon Condominium ("Blue Lagoon")

Details of property

The appraised property is a freehold property, comprising six two-bedroom units, suites no. 1555/5, 1555/6, 1557/5, 1564/3, 1564/5 and 1564/6 in Hua Hin Blue Lagoon condominium project, on the second and the third floors. The project is located on Phetchakasem Road, Cha-am Sub-district, Cha-am District, Phetchaburi Province. The said condominium units have a total area as per the ownership document of 898 square meters, fully furnished according to the project's standards, details of which are as follows:

| No. | Building | Level | Unit no. | Room no. | Unit area (sq.m.) | Room type (bedroom/bathroom) | Purpose of use |
|-------|----------|-------|----------|----------|-------------------|------------------------------|---------------------------------|
| 1 | N1 | 3 | 1-3A | 1555/5 | 150.00 | 2/3 | Not in use |
| 2 | N1 | 3 | 1-3B | 1555/6 | 150.00 | 2/3 | Not in use |
| 3 | N3 | 3 | 3-3A | 1557/5 | 150.00 | 2/3 | Not in use |
| 4 | S1 | 2 | 10-2B | 1564/3 | 148.00 | 2/3 | Used as staff's living quarters |
| 5 | S1 | 3 | 10-3B | 1564/5 | 150.00 | 2/3 | Not in use |
| 6 | S1 | 3 | 10-3A | 1564/6 | 150.00 | 2/3 | Used as office |
| Total | | | | | 898.00 | | |

Appraisal

KFT employed the comparative method to appraise the said residential condominium according to the property appraisal report dated May 26, 2014 under assumption that there is not any legal dispute or obligation. Details of the market data used for comparison with the appraised property are as follows:

| Details | Comparable market data | | | Appraised property |
|--|--|--|--|--|
| | Condominium 1 | Condominium 2 | Condominium 3 | |
| Name of project | Hua Hin Blue Lagoon | Hua Hin Blue Lagoon | Hua Hin Blue Lagoon | Hua Hin Blue Lagoon |
| Location | Blue Lagoon N2 Building | Blue Lagoon S2 Building | Blue Lagoon N1 Building | Blue Lagoon N1 Building |
| Type | Room no. 1556/5 | Room no. 1565/5 | Room no. 1565/5 | Room no. 1555/5 |
| Level no. | 3 | 3 | 2 | 3 |
| Unit area (sq.m.) | 150.00 | 150.00 | 148.00 | 150.00 |
| Room type (bedroom/bathroom) | 2/3 | 2/3 | 2/3 | 2/3 |
| Furniture & fixture | Built-in furniture, kitchenette with electric stove and microwave, closet, bed, curtain, air-conditioner, etc. | Built-in furniture, kitchenette with electric stove, and air-conditioner | Built-in furniture, kitchenette with electric stove, and air-conditioner | Built-in furniture, kitchenette with electric stove, and air-conditioner |
| Offering price (Baht/sq.m.) | 53,333 | 0 | 0 | |
| Expected selling price (Baht/sq.m.) | 51,733 | 0 | 0 | |
| Sale and purchase price (Baht/sq.m.) | 0 | 49,333 | 47,297 | |
| Sale and purchase date/ Offering date | May 2014 | August 2013 | June 2013 | |

| Details | Comparable market data | | | Appraised property |
|--|------------------------|---------------|---------------|--------------------|
| | Condominium 1 | Condominium 2 | Condominium 3 | |
| Adjusted by height | 0 | 0 | 1,000 | |
| Price after initial adjustment (Baht/sq.m.) | 51,733 | 49,333 | 48,297 | |
| Adjusted by room type/ room condition and decoration | (2,587) | 987 | 966 | |
| Adjusted price (Baht/sq.m.) | 49,146 | 50,320 | 49,263 | |
| Weighting | 0.1587 | 0.4162 | 0.4251 | |
| Value of property (Baht/sq.m.) | | | | |

KFT adopted the above appraised value as a basis for determining a selling price by adjusting it up/down according to level on which the unit is located, project location, and interior decoration of each unit. The appraisal of each unit can be summed up as follows:

| No. | Building | Level | Unit no. | Room no. | Total unit area (sq.m.) | Market value of each unit (Baht/sq.m.) | Market value of each unit (Baht/unit) |
|--------------|----------|-------|----------|---------------------|-------------------------|--|---------------------------------------|
| 1 | N1 | 3 | 1-3A | 1555/5 | 150.00 | 50,000 | 7,500,000 |
| 2 | N1 | 3 | 1-3B | 1555/6 | 150.00 | 50,000 | 7,500,000 |
| 3 | N3 | 3 | 3-3A | 1557/5 | 150.00 | 50,000 | 7,500,000 |
| 4 | S1 | 2 | 10-2B | 1564/3 ¹ | 148.00 | 51,000 | 7,550,000 |
| 5 | S1 | 3 | 10-3B | 1564/5 | 150.00 | 50,000 | 7,500,000 |
| 6 | S1 | 3 | 10-3A | 1564/6 ¹ | 150.00 | 50,000 | 7,500,000 |
| Total | | | | | | | 45,050,000 |

Note: ¹ Since these units are being used as living quarters for staff and a temporary office, KFT did not appraise their furniture and movable equipment beyond the project's standards.

Based on the above appraisal, KFT adjusted the appraised market value of each unit down by 15.00%, thus leading the post-adjustment appraised value to decrease to approximately Baht 38.30 million.

- h) Book value of Pacific Place office building project ("Pacific Place") which is operated by PED, a wholly-owned subsidiary of TPROP. The IFA has adjusted the project's book value based on the latest appraisal by KFT, which was hired by PED to re-appraise such property for public purposes.

Details of property

The appraised property included leasehold right of land and buildings, located on Sukhumvit Road, adjacent to the Landmark Hotel Bangkok, comprising two buildings, One Pacific Place and Two Pacific Place, currently used as offices. Details of the key property items are as follows:

■ Land

Land on which Pacific Place is located is a leasehold property on lease between Jaemchanin Co., Ltd. (lessor) and Sukhumvit Property Co., Ltd. (lessee) (currently renamed PED) for a lease term of 30 years from February 1, 1989 to January 31, 2019. Thus, the remaining lease period from the appraisal date (February 13, 2015) is about 3 years and 352 days. Details of such land are as follows:

| No. | Title deed no. | Parcel no. | Dealing file no. | Area as per title document | | |
|------------------------|----------------|------------|------------------|----------------------------|----------|-------------|
| | | | | Rai | Ngan | Sq. wah |
| 1 | 8050 | 1557 | 777 | 1 | 3 | 55.7 |
| 2 | 13774 | 1559 | 3958 | 1 | 3 | 51.0 |
| 3 | 13775 | 1558 | 3959 | 0 | 0 | 76.5 |
| Total land area | | | | 3 | 3 | 83.2 |

■ One Pacific Place

One Pacific Place is a 19-storied office building with a gross floor area of about 30,513.09 square meters and a net lettable area of around 16,200.11 square meters. The building is aged about 24 years. Its usable area and usage are as follows:

| Use of property | Level | Area (sq.m.) |
|--------------------------------|--|------------------|
| Commercial area (retail shops) | G (1) | 205.00 |
| Office space for rent | G (1) – M (mezzanine) and FI 8 – 20 (19) | 15,752.24 |
| Storage area | FI 2 – 7 | 242.87 |
| Common area | G (1) and FI 8 – 20 (19) | 5,330.56 |
| Parking | G (1) – FI 7 | 8,982.42 |
| Total area | | 30,513.09 |

■ Two Pacific Place

Two Pacific Place is a 30-storied office building with a gross floor area of about 41,526.38 square meters and a net lettable area of around 21,563.24 square meters. The building is aged about 21 years. Its usable area and usage are as follows:

| Use of property | Level | Area (sq.m.) |
|--------------------------------|------------------------|------------------|
| Commercial area (retail shops) | G (1) – M (mezzanine) | 1,041.33 |
| Office space for rent | Fl 11 – 30 (29) | 20,346.61 |
| Storage area | Fl 5 – 10 | 175.30 |
| Common area | G (1), Fl 11 – 30 (29) | 4,698.43 |
| Parking | G (1) – Fl 7 | 15,264.71 |
| Total area | | 41,526.38 |

Appraisal

In the appraisal to identify a market value of the leasehold right according to the current status of retail rentees with remaining lease term of 3 years and 352 days as of the appraisal date under assumption that there is not any legal dispute or obligation that could affect value of the property appraised under the property appraisal report dated February 27, 2015, KFT selected the income approach with the discounted cash flow technique for appraisal of the property and used the cost method for examining such appraisal result. Details of the assumptions are as follows:

| Items | Assumptions |
|--------------------------|---|
| Revenues | |
| One Pacific Place | |
| Retail rental fee | Year 1: Baht 600/sq.m./month based on standard decoration Year 2 onwards: Increasing 5% per year |
| Office rental fee | Year 1: Baht 600/sq.m./month based on standard decoration Year 2 onwards: Increasing 3.5% per year |
| Storage rental fee | Year 1: Baht 320/sq.m./month based on standard decoration Year 2 onwards: Increasing 3.5% per year |
| Two Pacific Place | |
| Retail rental fee | Year 1: Baht 820/sq.m./month based on standard decoration Year 2 onwards: Increasing 5% per year |
| Office rental fee | Year 1: Baht 620/sq.m./month based on standard decoration Year 2 onwards: Increasing 3.5% per year |
| Storage rental fee | Year 1: Baht 320/sq.m./month based on standard decoration Year 2 onwards: Increasing 3.5% per year |
| Management fee | |
| Retail space | Year 1: Baht 100/sq.m./month (Increasing 3% per year) |
| Office space | Year 1: Baht 60/sq.m./month (Increasing 3% per year) |
| Storage space | Year 1: Baht 25/sq.m./month (Increasing 3% per year) |
| Other expenses | |
| Marketing expenses | 2% of total revenues |

| Items | Assumptions |
|--|---|
| Repair and maintenance expenses | 3% of total revenues |
| Insurance | 0.06% of new construction cost |
| Building tax | 12.5% of 60% of revenues from total lettable area |
| Reserves for building repair and maintenance | 3% of total revenues |
| Discount rate | 14.0% |

Note: The occupancy rate was adjusted based on the current occupancy, the number of rental agreements to expire in the following years, and the expected number of new rentees or renewals.

Under the above assumptions, KFT appraised value of the leasehold right for the remaining lease term of 3 years and 352 days at approximately Baht 537.00 million.

Results of the adjustment to book value of all property projects of TPROP according to the above property appraisal can be summed up as follows:

| Unit: Baht million | | Book value as at December 31, 2014 | Appraised value ² | Surplus on book value ³ |
|---|--|---------------------------------------|---------------------------------|---------------------------------------|
| Project of PED | | | | |
| 1. | Pacific Place office buildings | 367.36 | 503.17 | 108.65 |
| Total | | | | 108.65 |
| Projects of GRAND and its subsidiaries | | | | |
| 1. | The Westin Hotel and Robinson Department Store | 646.09 | N/A | - |
| 2. | Sheraton Hua Hin Hotel | 1,039.33 | 2,009.87 | 776.43 |
| 3. | Sheraton Pranburi Hotel | 431.31 | 451.63 | 16.26 |
| 4. | Construction of Hyatt Sukhumvit Hotel | 551.90 ¹ | 1,740.95 | 951.24 |
| 5. | Construction of Hyde Sukhumvit 11 Condominium | 814.00 ¹ | 807.88 | (6.12) |
| 6. | Hyde Sukhumvit 13 Condominium units | 401.20 | 908.97 | 406.22 |
| 7. | Blue Lagoon Condominium units | 31.95 | 35.89 | 3.15 |
| Total | | | | 2,147.18 |
| TPROP's shareholding in GRAND | | | | 40.62% |
| Surplus on book value for TPROP's shareholding in GRAND | | | | 872.21 |
| Total adjustment to book value of all projects | | | | 980.86 |

Note: 1 Calculated only on book value of land to be in line with the appraisal by KFT which focused on land value only.

2 Adjusted by taxes and fees on transfer and selling expenses of approximately 6.30% of appraised value.

3 Adjusted with the corporate income tax of 20.00% on gain from asset sales.

From the above adjustment, the adjusted book value of the Company's shares is as follows:

| Items | Amount (Baht million) |
|---|-----------------------|
| Shareholders' equity of the Company as at December 31, 2014 | 2,072.90 |
| Adjustment items | |

| Items | Amount (Baht million) |
|--|-----------------------|
| <u>Less</u> Increase in allowance for doubtful accounts of trade accounts receivable | (34.05) |
| <u>Add</u> Increase in value of various projects | 980.86 |
| <i>Net book value after adjustment</i> | <i>3,019.70</i> |
| Total number of paid-up shares (million shares) | 3,193.19 |
| Book value per share (Baht/share) | 0.95 |

By the adjusted book value approach according to TPROP's consolidated financial statement, the Company's shares are appraised at Baht 0.95 per share.

5.2.1.2.2 Adjusted book value approach from separate financial statement of the Company²

Under this method, the shares are valued based on TPROP's book value shown on its audited separate financial statement as of December 31, 2014, adjusted by value of investments in subsidiaries of the Company. The aim is to primarily adjust value of investments in the Company's subsidiaries, including GRAND which is the main income-earning subsidiary of the Company, in order to reflect the most current market price and/or book value of all subsidiaries. The derived value is then divided by the total number of issued and fully paid shares of the Company. We have adjusted the book value of the following transactions:

| Unit: Baht million | Shareholding (%) | Investment value as at Dec 31, 2014 | Market value/Book value of subsidiaries | Increase (Decrease) in investment value |
|--|------------------|-------------------------------------|---|---|
| 1. GRAND and subsidiaries | 40.62 | 177.80 | 1,689.92 ¹ | 1,512.12 |
| 2. PED | 100 | 6.92 | (395.72) ² | (402.64) |
| 3. MPH | 100 | 5.00 | (54.81) ³ | (59.81) |
| 4. SCP | 100 | 1.60 | 535.16 ⁴ | 533.56 |
| Total | | 191.32 | 1,774.56 | 1,583.24 |
| Total adjustment, net of corporate income tax | | | 1,457.91 | 1,266.59 |

Note: 1 Calculated from market price of GRAND as at May 6, 2015 of Baht 1.44/share, adjusted with additional 55.88 million shares to be received as share dividend from GRAND at the payout ratio of 20 existing shares to 1 share dividend according to the resolution from 2015 Annual General Meeting of Shareholders (details of dividend payment as provided in item 5.2.1.5 Discounted Cash Flow Approach).

2 Calculated from book value as at December 31, 2014 of PED according to the audited financial statement, then adjusted by value of Pacific Place office buildings as appraised by KFT.

² The IFA did not adjust value of investment in BCP because BCP already registered business dissolution in June 2014.

3 Calculated from book value as at December 31, 2014 of MPH according to the audited financial statement.

4 Calculated from book value as at December 31, 2014 of SCP based on figures used for preparing the consolidated financial statement of the Company.

From the above adjustment, the adjusted book value of the Company's shares is as follows:

| Items | Amount (Baht million) |
|--|-----------------------|
| Shareholders' equity of the Company as at December 31, 2014 | 1,443.93 |
| <u>Adjustment item</u> | |
| <u>Add</u> Increase in cash from dividend payment ¹ | 6.21 |
| <u>Add</u> Increase in value of investments | 1,266.59 |
| <i>Net book value after adjustment</i> | <i>2,716.74</i> |
| Total number of paid-up shares (million shares) | 3,193.19 |
| Book value per share (Baht/share) | 0.85 |

Note: 1 Adjusted with cash to be received from GRAND's dividend payment of Baht 0.00556 per share according to the resolution from 2015 Annual General Meeting of Shareholders (details of dividend payment as provided in item 5.2.1.5 Discounted Cash Flow Approach).

Under the adjusted book value approach according to TPROP's separate financial statement, the Company's shares are appraised at Baht 0.85 per share.

5.2.1.3 Weighted Average Market Price Approach

TPROP shares are not traded on the stock market because the shares have been moved by the SET to the Non Compliance and Non Performing Group (NC & NPG) in stage 3 since July 3, 2006 up to the present. As such, a reference market price is not available and, hence, share valuation cannot be made by this method.

5.2.1.4 Market Comparables Approach

The share valuation by this method is made by comparison of financial ratios of entities listed in the same industry on the SET and operating a similar type of business. For comparison with TPROP, we have

selected 10 SET-listed companies in the Services Industry Group, Tourism & Leisure Sector, engaging in hotel business ("Peer Group").³

| Peer Group | Ticker symbol | Total assets ^{3/} (Baht million) | Shareholders' equity ^{3/} (Baht million) | Total revenues ^{3/} (Baht million) | Average yearly turnover ratio ^{4/} (%) |
|--|---------------|--|--|--|--|
| 1. Asia Hotel Plc. ^{1/} | ASIA | 8,459.16 | 4,582.61 | 1,400.67 | 6.05 |
| 2. Central Plaza Hotel Plc. ^{1/} | CENDEL | 28,708.87 | 10,914.88 | 18,486.39 | 45.57 |
| 3. Dusit Thani Plc. ^{1/} | DTC | 9,065.13 | 4,443.29 | 5,317.35 | 1.42 |
| 4. The Erawan Group Plc. ^{1/} | ERW | 14,516.62 | 4,554.15 | 4,374.95 | 95.20 |
| 5. Grande Asset Hotels and Property Plc. ^{2/} | GRAND | 5,528.54 | 3,032.23 | 4,927.64 | 488.63 |
| 6. Laguna Resort and Hotel Plc. ^{1/} | LRH | 18,714.10 | 11,126.00 | 4,105.76 | 4.85 |
| 7. Mandarin Hotel Plc. ^{1/} | MANRIN | 1,124.65 | 478.04 | 279.98 | 6.72 |
| 8. OHTL Plc. ^{1/} | OHTL | 1,818.35 | 823.31 | 1,933.61 | 0.06 |
| 9. Royal Orchid Hotel (Thailand) Plc. ^{1/} | ROH | 937.05 | 671.64 | 666.55 | 0.04 |
| 10. Shangri-La Hotel Plc. ^{1/} | SHANG | 7,687.81 | 7,179.65 | 2,654.77 | 0.56 |

Source: www.setsmart.com

Note: 1/ These are the nine entities listed in the SET's Services Industry Group, Tourism & Leisure Sector, selected by the IFA for this analysis.

2/ GRAND is a subsidiary of the Company and, hence, is not included in the comparison.

3/ The data on total assets, shareholders' equity and total revenues are derived from the audited financial statement as of December 31, 2014.

4/ The average yearly turnover ratio is computed from the sum of the percentage of total trading volume to total number of paid-up shares of the individual securities over one year retroactive between February 26, 2014 and February 25, 2015, which was the last trading day before the date the Offeror's board of directors resolved to seek approval from the shareholders' meeting for the Offeror to change the method for payment of the consideration to the Company's shareholders who have accepted the tender offer.

Out of the nine selected peers, ASIA, DTC, LRH, MANRIN, OHTL, ROH and SHANG had a turnover ratio in a one-year period up to the cut-off date of February 25, 2015 lower than 10% of their total paid-up

³ Since TPROP has been moved to the NC & NP Group, its financial ratio is not available for comparison with the Peer Group. However, over the past years the Company has earned income mainly from hotel business, whereas GRAND, a subsidiary that could generate revenues for more than 50% of total revenues shown on the Company's consolidated financial statement, is also listed in the Tourism & Leisure Sector. The IFA has accordingly selected listed entities in the said sector for comparison.

shares. As such, the trading prices could not accurately reflect the value of their shares and, thus, the market-based ratios of these entities are not suitable for the comparison under this approach. In our analysis, we have adopted only the ratios of CENTEL and ERW in the valuation to determine a reasonable value of TPROP shares.

The financial ratios used for the share valuation by this approach are 1) price to earnings ratio or P/E ratio and 2) price to book value ratio or P/BV ratio.

5.2.1.4.1 Price to Earnings Ratio or P/E Ratio

Using this method, the shares are valued based on the Company's earnings per share for the past four quarters up to December 31, 2014, which is Baht 0.07 per share, multiplied by the average P/E ratio of the selected two entities listed in the SET's Services Industry Group, Tourism & Leisure Sector, operating a similar type of business to the Company, as described above, prevailing in different horizons of three months, six months, nine months and 12 months retroactive up to the cut-off date of February 25, 2015, which was the last trading day of the Offeror's shares before the date the Offeror's board of directors resolved to seek approval from the shareholders' meeting for the Offeror to change the method for payment of the consideration to the Company's shareholders who have accepted the tender offer. Nonetheless, in the latter half of 2014, ERW recorded a loss from operation and, accordingly, its P/E ratio for such period could not be determined. As such, we have excluded ERW and used only CENTEL for the comparison.

The valuation of TPROP shares by the P/E ratio approach could be summarized as follows:

| Period | Average P/E ratio (time) | Share value (Baht/share) |
|-------------------------------------|--------------------------|--------------------------|
| 3 months (Nov 26, 14 - Feb 25, 15) | 44.53 | 3.15 |
| 6 months (Aug 26, 14 - Feb 25, 15) | 47.42 | 3.35 |
| 9 months (May 26, 14 - Feb 25, 15) | 45.89 | 3.24 |
| 12 months (Feb 26, 14 - Feb 25, 15) | 42.58 | 3.01 |

Source: www.setsmart.com

The appropriate value of TPROP shares measured by the P/E ratio approach is in a range of Baht 3.01 – 3.35 per share.

■ **Price to Book Value Ratio or P/BV Ratio**

Under this method, the shares are appraised by multiplying the Company's book value as of December 31, 2014, which is Baht 0.65 per share, by the average P/BV ratio of the selected two entities listed in the SET's Services Industry Group, Tourism & Leisure Sector, operating a similar type of business to the Company, as described above, prevailing in different horizons of three months, six months, nine months and 12 months retroactive up to the cut-off date of February 25, 2015, which was the last trading day of the Offeror's shares before the date the Offeror's board of directors resolved to seek approval from the shareholders' meeting for the Offeror to change the method for payment of the consideration to the Company's shareholders who have accepted the tender offer. Details of the valuation of TPROP shares by this approach are as follows:

Average P/BV ratio of Peer Group in Tourism & Leisure Sector:

| Period | CENTEL | ERW | Average |
|-------------------------------------|--------|------|---------|
| 3 months (Nov 26, 14 - Feb 25, 15) | 4.29 | 2.64 | 3.46 |
| 6 months (Aug 26, 14 - Feb 25, 15) | 4.66 | 2.62 | 3.64 |
| 9 months (May 26, 14 - Feb 25, 15) | 4.64 | 2.49 | 3.57 |
| 12 months (Feb 26, 14 - Feb 25, 15) | 4.50 | 2.36 | 3.43 |

Source: www.setsmart.com

Outcome of TPROP share valuation by the P/BV ratio approach:

| Period | Average P/BV ratio (time) | Share value (Baht/share) |
|-------------------------------------|---------------------------|--------------------------|
| 3 months (Nov 26, 14 - Feb 25, 15) | 3.46 | 2.25 |
| 6 months (Aug 26, 14 - Feb 25, 15) | 3.64 | 2.36 |
| 9 months (May 26, 14 - Feb 25, 15) | 3.57 | 2.32 |
| 12 months (Feb 26, 14 - Feb 25, 15) | 3.43 | 2.23 |

The appropriate value of TPROP shares measured by the P/BV ratio approach is in a range of Baht 2.23 - 2.36 per share.

5.2.1.5 Discounted Cash Flow Approach

This method measures the share value by an estimation of the net present value of free cash flow expected to be received in the future by using a proper discount rate. We have estimated the net cash flow from a financial projection of TPROP for the next 19 years of 2015-2033 basing on the longest remaining term of the leasehold right which will expire in 2032, under assumption that the said leasehold right is not renewed, and extended for another year to determine the terminal value as at the end of the last year. The financial projection is prepared based on the Company's historical performance shown in the financial statements and its future business and investment plans provided by the Company's management. We have studied and analyzed the reliability and reasonableness of all assumptions adopted in the said financial projection by comparison with the historical performance, the future business and investment plans obtained from TPROP management, information on industry and overall economic condition, under assumption that the Company does not make any material change in its business plan and is not materially affected from the litigation with the landlords from whom the Company and its subsidiaries rent at present. It is also assumed the operation continues on a going concern basis, and also under the economic circumstances prevailing at the time of preparing this study. Should there be any significant change in the economic condition as well as other external factors affecting the operation of TPROP, including any significant change in the situation of the Company from the assumptions used for the said financial projection, the share value measured by this approach may also change.

Since the Company is currently holding 40.62% of the total paid-up shares of GRAND, the shareholding by other shareholders is as high as 59.38% of the total paid-up shares of GRAND. The IFA has thus appraised the Company's value based on projection under its consolidated financial statement and appraised GRAND's value from the projection under the consolidated financial statement of GRAND in order to determine value of non-controlling interests of GRAND. Then, we have deducted the value of non-controlling interests of GRAND from the Company's value to derive only value of equity holders of the Company.

- **Key financial assumptions**

- 1) **Hotel business**

Presently, GRAND, which is a subsidiary of the Company, is operating three hotels, namely the Westin Hotel, Sheraton Hua Hin Hotel, and Sheraton Pranburi Hotel, and is in the process of constructing Hyatt Sukhumvit Hotel. Revenues from hotel operations consist of room revenues, food & beverages income, and other income. Key assumptions used in the projection can be summed up as follows:

1.1 Room revenues

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 onwards |
|-------------------------------------|------------------|-------|-------|--------|--------|---------------------------------------|
| Expiry date of leasehold right | | | | | | |
| - The Westin Hotel | April 16, 2022 | | | | | |
| - Sheraton Hua Hin Hotel | N/A | | | | | |
| - Sheraton Pranburi Hotel | November 7, 2032 | | | | | |
| - Hyatt Sukhumvit Hotel | N/A | | | | | |
| Number of guestrooms (rooms) | | | | | | |
| - The Westin Hotel | 362 | 362 | 362 | 362 | 362 | 362 |
| - Sheraton Hua Hin Hotel | 240 | 240 | 240 | 240 | 240 | 240 |
| - Sheraton Pranburi Hotel | 53 | 53 | 53 | 53 | 53 | 53 |
| - Hyatt Sukhumvit Hotel | - | - | 273 | 273 | 273 | 273 |
| Occupancy rate (%) | | | | | | |
| - The Westin Hotel | 77% | 77% | 77% | 77% | 77% | 77% |
| - Sheraton Hua Hin Hotel | 73% | 78% | 78% | 78% | 78% | 78% |
| - Sheraton Pranburi Hotel | 43% | 48% | 53% | 58% | 63% | 68% |
| - Hyatt Sukhumvit Hotel | - | - | 55% | 60% | 68% | 72% in 2020 75% in 2021 onwards |
| Average room rate (Baht/room/night) | | | | | | |
| - The Westin Hotel | 3,941 | 4,084 | 4,233 | 4,387 | 4,547 | 4,712 in 2020 |
| Growth rate per year (%) | 5% | 4% | 4% | 4% | 4% | 4% |
| - Sheraton Hua Hin Hotel | 3,982 | 4,121 | 4,266 | 4,416 | 4,571 | 4,732 in 2020 |
| Growth rate per year (%) | 5% | 4% | 4% | 4% | 4% | 4% |
| - Sheraton Pranburi Hotel | 8,000 | 8,800 | 9,680 | 10,164 | 10,521 | 10,891 in 2020 |
| Growth rate per year (%) | 21% | 10% | 10% | 5% | 4% | 4% |
| - Hyatt Sukhumvit Hotel | - | - | 4,300 | 4,816 | 5,298 | 5,668 in 2020 |
| Growth rate per year (%) | - | - | - | 12% | 10% | 5 – 7% |

- **Occupancy rate**

During 2012-2014, the occupancy rate of the Westin Hotel stood at 75%, 77% and 58% respectively. The decrease in 2014 was caused by the political situation in the first half of the year which adversely affected hotel operators in Bangkok. The IFA projects the occupancy rate at 77% from 2015 onwards, equivalent to that of 2013 when the situation remained normal before the political turmoil.

Sheraton Hua Hin Hotel recorded an occupancy rate in 2012-2014 of 68%, 73% and 64% respectively. The decline in 2014 resulted from the internal political situation which

relatively slowed down the economy, and the hotel renovation including building of a new banquet room which was completed in November 2014. We project the occupancy rate in 2015 at 73%, equivalent to that of 2013 before the building of new banquet room and when the situation remained normal before the political unrest. The rate is then set to grow by 5% in 2016 to 78% in line with the rising popularity of the hotel location among Thai and foreign tourists, and to remain constant from 2017 onwards.

The occupancy rate of Sheraton Pranburi Hotel in October-December 2013 (the hotel was opened to service on October 1, 2013 after the business takeover by GRAND) and in 2014 was 21% and 33% respectively. The rate is estimated to increase by 10% from the previous year to 43% in 2015. This is due to the ongoing hotel renovation since 2014, which is expected to be completed by June 2015, and the likely economic recovery after the political situation returns to normal as projected by the Company's management. In 2016-2020, we expect the occupancy rate to increase by 5% per year in line with the rising popularity of the hotel location among Thai and foreign tourists, and to remain constant from 2021 onwards.

As for Hyatt Sukhumvit Hotel of which the development will be completed and the commercial operation will commence in 2017, the Company's management projects the occupancy rate at 55% in the first year of operation which will rise to 60%, 68% and 72% in 2018-2020 respectively. The rate will stay at 75% from 2021 onwards, which is close to that of the Westin Hotel in the corresponding year.

- **Average room rate**

The room rate of the Westin Hotel in 2012-2014 averaged at Baht 3,754, Baht 3,941 and Baht 3,746 per night, representing a growth rate of 2%, 5% and -5% respectively. We forecast the average room rate in 2015 at Baht 3,941 per night in accordance with the average rate of 2013 when the situation remained normal before the political turmoil and as estimated by the Company's management. After that, the average room rate will increase by 4% per year based on the average growth in 2012-2013.

During 2012-2014, the average room rate of Sheraton Hua Hin Hotel was Baht 3,561, Baht 3,742 and Baht 3,792 per night respectively, up by 2%, 5% and 1% respectively. The rate in 2015 is estimated to grow averagely by 5% from the previous year after completion of the hotel renovation by the end of 2014 as projected by the Company's management. The average room rate thereafter will grow by 4% per year based on the average increase in 2012-2013.

The average room rate of Sheraton Pranburi Hotel during October-December 2013 (the hotel was opened to service on October 1, 2013 after the business takeover by GRAND) and in 2014 stood at Baht 7,972 and Baht 6,603 per night respectively. According to the IFA's projection, the room rate in 2015 will average at Baht 8,000 per night as the hotel renovation was completed in June 2015. The rate is close to the average room rate in 2013 before the renovation as projected by the Company's management. In 2016-2018, the average room rate will increase by 10%, 10% and 5% respectively. Since all rooms of the hotel are pool villas which provide more privacy, its room rate is higher than general hotel rooms. After that, the average room rate is estimated to increase 4% per year according to the growth of Sheraton Hua Hin Hotel.

According to the projection of the Company's management, the average room rate of Hyatt Sukhumvit Hotel in 2017 is Baht 4,300 per night. The rate will rise by 12%, 10% and 7% per year during 2018-2020 respectively and by 5% from 2021 onwards. However, the average room rate of Hyatt Sukhumvit Hotel is not comparable to that of the other hotel of TPROP in the same location, i.e. the Westin Hotel, due to different target groups. Hyatt Sukhumvit Hotel targets at Meetings, Incentives, Conferences and Exhibitions ("MICE") customers who spend more than general tourists and the hotel is new, thus a higher room rate than that of the Westin Hotel. With such group of customers, Hyatt Sukhumvit's ratio of food and beverages income to room revenues will also be higher than usual.

1.2 Food and beverages income and other revenues

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 onwards |
|---|------|------|------|------|------|--------------|
| Ratio of food and beverages income to room revenues (%) | | | | | | |
| - The Westin Hotel | 45% | 45% | 45% | 45% | 45% | 45% |
| - Sheraton Hua Hin Hotel | 64% | 64% | 64% | 64% | 64% | 64% |
| - Sheraton Pranburi Hotel | 35% | 40% | 40% | 40% | 40% | 40% |
| - Hyatt Sukhumvit Hotel | - | - | 80% | 80% | 80% | 80% |
| Ratio of other revenues to room revenues (%) | | | | | | |
| - The Westin Hotel Hotel | 11% | 11% | 11% | 11% | 11% | 11% |
| - Sheraton Hua Hin Hotel | 8% | 8% | 8% | 8% | 8% | 8% |
| - Sheraton Pranburi Hotel | 1% | 1% | 1% | 1% | 1% | 1% |
| - Hyatt Sukhumvit Hotel | - | - | 13% | 13% | 13% | 11 – 13% |

- **Food and beverages income**

The food and beverages income of the Westin Hotel during 2012-2014 contributed to 42%, 39% and 43% of the room revenues respectively. The IFA projects the ratio of food and beverages income to room revenues at 45% from 2015 onwards, which is slightly higher than the previous year due to the completion of its restaurant and banquet room renovation in 2014.

For Sheraton Hua Hin Hotel, the food and beverages income during 2012-2014 represented 57%, 54% and 51% of the room revenues respectively. The ratio of food and beverages income to room revenues is estimated by the IFA to increase by 10% from 54% in 2013 before construction of the banquet room to 64% from 2015 onwards when the banquet room construction is completed as forecast by the management.

In October-December 2013 and 2014, the food and beverages income of Sheraton Pranburi Hotel represented 26% and 31% of the room revenues respectively. We project the ratio of food and beverages income to room revenues at 35% in 2015 as the construction of multi-function room and pool bar will be completed in June 2015, and at 40% from 2016 onwards.

For Hyatt Sukhumvit Hotel, the ratio of food and beverages income to room revenues is projected higher than other hotels as it is targeted at MICE customers. The Company's management projects the food and beverages income at 80% of the room revenues from 2017 onwards.

- **Other revenues**

Other revenues include charges on telephone, laundry service, fitness center, business center, hotel space rental, etc. In 2012-2014, other revenues of the Westin Hotel were 11%, 11% and 12% of the room revenues respectively. We estimate the ratio of other revenues to room revenues from 2015 onwards at 11% based on the average ratio in 2012-2014.

During 2012-2014, other revenues of Sheraton Hua Hin Hotel represented 9%, 8% and 8% of the room revenues respectively. The ratio of other revenues to room revenues from 2015 onwards is projected at 8% based on the average ratio in 2012-2014.

In October-December 2013 and 2014, other revenues of Sheraton Pranburi Hotel represented 0.41% and 0.69% of the room revenues respectively. The ratio of other revenues to room revenues from 2015 onwards is estimated at 0.69% based on the ratio in 2014.

The ratio of other revenues to room revenues of Hyatt Sukhumvit Hotel is projected by the Company's management at 12-13% from 2017 onwards.

1.3 Cost of operations

- Room cost

In 2012-2014, the room cost of the Westin Hotel accounted for 18%, 19% and 22% of the room revenues respectively. The ratio of room cost to room revenues from 2015 onwards is projected at 20% based on the average ratio in 2012-2014.

The room cost of Sheraton Hua Hin Hotel during 2012-2014 represented 19%, 19% and 20% of the room revenues respectively. The ratio of room cost to room revenues from 2015 onwards is projected at 19% based on the average ratio in 2012-2014.

In October-December 2013 and 2014, the room cost of Sheraton Pranburi Hotel represented 42% and 33% of the room revenues respectively. The ratio of room cost to room revenues in 2015 is expected to drop in line with the declining trend of cost. The decrease in cost is projected based on the declining rate in 2013-2014. Therefore, the ratio of room cost to room revenues is estimated at 27%. The ratio afterwards is set to be equivalent to that of 2015.

The ratio of room cost to room revenues of Hyatt Sukhumvit Hotel is projected at 20%, which is close to the average room cost of the Westin Hotel over the past three years.

- Food and beverages cost

The food and beverages cost of the Westin Hotel during 2009-2014 contributed to 73%, 74% and 86% of the food and beverages income respectively. The ratio of food and beverages cost to food and beverages income is projected by the IFA at 78% from 2015 onwards based on the average ratio in 2012-2014.

For Sheraton Hua Hin Hotel, the food and beverages cost during 2012-2014 represented 67%, 65% and 72% of the food and beverages income respectively. We estimate ratio of food and beverages cost to food and beverages income from 2015 onwards at 68% based on the average ratio in 2012-2014

In October-December 2013 and 2014, the food and beverages cost of Sheraton Pranburi Hotel represented 140% and 116% of the food and beverages income respectively. We project the ratio of food and beverages cost to food and beverages income in 2015 to drop in proportion to the decreasing costs, which are estimated to decrease at the same rate as

that in 2013-2014. Meanwhile, a partial cost is estimated to decrease by the same rate as the cost of Sheraton Hua Hin Hotel. Therefore, the food and beverages cost in 2015 is expected at 93% of the food and beverages income, and the ratio of food and beverages cost to food and beverages income after that is projected equal to that of 2015.

For Hyatt Sukhumvit Hotel, the ratio of food and beverages cost to food and beverages income is estimated at 53% from 2017 onwards in line with projection by the Company's management.

- **Cost of other revenues**

In 2012-2014, the cost of other revenues of the Westin Hotel accounted for 29%, 32% and 34% of other revenues respectively. The IFA projects the cost to other revenues ratio from 2015 onwards at 32% based on the average ratio in 2012-2014.

The cost of other revenues of Sheraton Hua Hin Hotel during 2012-2014 represented 44%, 40% and 35% of other revenues respectively. The IFA estimates that the cost to other revenues ratio from 2015 onwards will be 39% based on the average ratio in 2012-2014.

In October-December 2013 and 2014, the cost of other revenues of Sheraton Pranburi Hotel represented 203% and 55% of other revenues respectively. The IFA projects that the cost to other revenues ratio in 2015 will drop in line with the declining trend of the cost. Most of the cost is projected to decrease at the same declining rate in 2013-2014. The cost to other revenues ratio is thus estimated to be 16% and, after that, to be equivalent to the ratio in 2015.

The cost of other revenues of Hyatt Sukhumvit Hotel is projected at 39% of other revenues in 2017-2019, 40% in 2020 and 41-43% from 2021 onwards in accordance with the forecast by the Company's management.

2) Real estate development business

GRAND, a subsidiary of the Company, currently has three real estate development projects available for sale, namely Hyde Sukhumvit 13, the Blue Lagoon and the Trendy, and one project under development, i.e. Hyde Sukhumvit 11. Key assumptions in the projection are summarized as follows:

1.1 Revenue from sale of real estate

Hyde Sukhumvit 13 is a 454-unit condominium project worth approximately Baht 5,130 million. Its revenue recognition started in late 2013 with revenue from sale of condominium units in 2013 and 2014 of Baht 103 million and Baht 4,044 million respectively. The remaining 34 units of

which the ownership has not been transferred have a total value of approximately Baht 970 million according to the latest appraisal. The IFA projects revenue from condominium sales in 2015 and 2016 at Baht 648 million and Baht 322 million respectively based on the assumption that the ownership transfer will be almost completed by 2015 with three remaining units which are penthouses expected to be transferred by 2016.

Blue Lagoon project which is adjacent to Sheraton Hua Hin Hotel is divided into two sections, i.e. condominium and villas. The remaining are six condominium units. The IFA estimates that the Company will recognize revenue from all the remaining units by 2015, totaling approximately Baht 38 million based on the latest property appraisal.

The Trendy Condominium is a mix-use condominium project located on Sukhumvit Soi 13. The construction was completed in 2007. The project space is divided into three zones, i.e. office, shopping plaza and condominium. At present, there are only two units available for sale, one of which is under legal prosecution and the other has been used as sale office. The IFA therefore does not project recognition of revenue from sale of these remaining units.

Hyde Sukhumvit 11 is a 476-unit condominium project. The project is currently under construction which is expected to be completed in May 2017. Since commencement of project sale in late March 2015, reservation and contract have been made on 143 units covering the sale area of about 5,700 sq.m. The IFA projects the average sale rate in 2015-2017 at 33 units/month, 7 units/month and 5 units/month respectively according to the projection of the Company's management, and the average selling price at Baht 189,000/sq.m. based on the current selling price. With the average area of 45.21 sq.m./unit, revenue from sale in 2017-2018 is estimated at Baht 3,140 million and Baht 927 million respectively.

For the reservation deposits, contract signing deposits, down payments and ownership transfer fees of Hyde Sukhumvit 11, the IFA has made reference to the condominium sale and purchase contract ("the contract") which requires the buyer to pay a reservation deposit and contract signing deposit at 5.00% of the selling price of the condominium unit. Due to the incomplete construction of the project, the down payment is set at 10% of the selling price, payable in installments until completion of the construction. It is projected that the transfer of ownership and the remaining payment will be completed within nine months after the construction is finished, based on the assumption of the Company's management. For sale of the remaining units after the construction is complete, the management projects payment of reservation deposit and contract signing deposit at 5% of the selling price. The remaining amount will be paid on the date of ownership transfer which is expected to take place within six months after the date of the contract signing.

1.2 Cost of sales of real estate

The IFA projects cost of sales of Hyde Sukhumvit 13 in 2015 and 2016 at Baht 265 million and Baht 132 million respectively according to the revenue recognition in the respective year.

Cost of sales of Blue Lagoon in 2015 is estimated at Baht 32 million based on the cost of remaining units as of year-end 2014.

Hyde Sukhumvit 11 covers a total construction area of 38,000 sq.m. The Company's management projects the cost of project development (including land cost) at approximately Baht 69,788/sq.m. based on the actual cost and the construction cost estimate by the contractor. The IFA expects that the cost, similar to the revenue, will be recognized in 2017-2018 at the projected amount of Baht 2,047 million and Baht 604 million respectively according to the revenue recognition during the said period.

3) Office building for rent business

At present, PED, a subsidiary of the Company, engages in office building for rent business, i.e. Pacific Place which consists of two office buildings, namely One Pacific Place and Two Pacific Place. Major assumptions in the projection are summarized as follows:

1.1 Rental and related service income

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------|------|------|------|------|
| Expiry date of the leasehold right | 31 January 2019 | | | | |
| Net lettable area (sq.m.) | | | | | |
| - One Pacific Place | 16,012.25 | | | | |
| - Two Pacific Place | 21,563.24 | | | | |
| Occupancy rate (%) | | | | | |
| - One Pacific Place | 96% | | | | |
| - Two Pacific Place | 99% | | | | |
| Average rental rate (Baht/sq.m./month) | | | | | |
| - One Pacific Place | 518 | 543 | 571 | 599 | 599 |
| Growth rate (%) | 5% | 5% | 5% | 5% | 0% |
| - Two Pacific Place | 536 | 568 | 594 | 621 | 621 |
| Growth rate (%) | 5% | 6% | 4% | 5% | 0% |
| Ratio of income to rental income (%) | | | | | |
| - Parking income | 4% | | | | |
| - Utilities income | 10% | | | | |

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------|------|------|------|------|------|
| - Income from other services | 3% | | | | |

- **Occupancy rate**

The average occupancy rate in 2012-2014 was recorded at 81%, 86% and 96% for One Pacific Place respectively and 85%, 96% and 99% for Two Pacific Place respectively. The IFA projects the occupancy rate from 2015 onwards at 96% for One Pacific Place and 99% for Two Pacific Place, which is equivalent to the average occupancy rate of 2014.

- **Average rental rate**

In 2012-2014, the average rental rate stood at Baht 449/sq.m./month, Baht 466/sq.m./month and Baht 493/sq.m./month for One Pacific Place respectively, and Baht 516/sq.m./month, Baht 486/sq.m./month and Baht 511/sq.m./month for Two Pacific Place respectively. The IFA estimates that the average rental rate of One Pacific Place will increase by 5% per year in 2015-2018 and in 2019 will be equal to that of 2018 due to expiry of the leasehold right in the first month of the year. For Two Pacific Place, the average rental rate will move up by 5%, 6%, 4% and 5% in 2015-2018 respectively. The projection is based on the rental rate of Pacific Club according to the lease contract. For office space and commercial space for rent, the rental rate is expected to grow by 5% per year and in 2019 will be equal to that of 2018 due to expiry of the leasehold right in the first month of the year.

- **Parking income**

Parking income accounted for 4%, 4% and 5% of rental income in 2012-2014 respectively. The IFA projects parking income at 4% of rental income from 2015 onwards, which is equivalent to the average parking income to rental income ratio in 2012-2014.

- **Utilities income**

Utilities income in 2012-2014 was 10%, 11% and 10% of rental income respectively. The IFA projects utilities income at 10% of rental income from 2015 onwards, which is equivalent to the average utilities income to rental income ratio in 2012-2014.

- **Income from other services**

Income from other services in 2012-2014 represented 4%, 2% and 3% of rental income respectively. The IFA projects income from other services at 3% of rental income from 2015 onwards, which is equivalent to the average ratio of income from other services to rental income in 2012-2014.

1.2 Cost of rental and related services

Major cost of rental and related services includes utilities expense, building tax, building management fee, security fee, repair and maintenance cost, cleaning service fee, marketing expenses, etc. The cost of rental and related services in 2012-2014 were recorded at 47%, 45% and 43% of rental income respectively and is projected at 45% of rental income from 2015 onwards based on the ratio in 2012-2014.

4) Selling and administrative expenses

1.1 Selling expenses

Major selling expenses are advertising and marketing expenses, transfer fee and specific business tax on transfer of condominium unit ownership, sale commission, staff expenses, etc. During 2012-2014, selling expenses amounted to Baht 224 million, Baht 155 million and Baht 335 million, representing 24%, 13% and 7% of revenues from hotel business and revenues from sale of real estate respectively. The sharp increase in selling expenses in 2012 was due mainly to expense on the launch of Hyde Sukhumvit 13 and compensation to the original customers of Hyde Sukhumvit 13 project in that year.

Selling expenses of the hotel business in 2012-2014 was Baht 90 million, Baht 94 million and Baht 91 million, representing 10%, 9% and 11% of revenues from hotel business respectively. For selling expenses of the Westin Hotel and Sheraton Hua Hin Hotel from 2015 onwards, the ratio of selling expenses to revenues from hotel business is projected to be equal to the average ratio over the period 2012-2014. In case of Sheraton Pranburi Hotel, the ratio will be equal to that of Sheraton Hua Hin Hotel due to joint sale management of both hotels. Meanwhile, the Company's management projects that Hyatt Sukhumvit Hotel will incur selling expenses of about Baht 390/room/night in 2017 which is the first year of its operation. The selling expenses will increase by 5% per year from 2018 onwards.

Selling expenses of the real estate business mainly come from Hyde Sukhumvit 11. The Company projects public relations and marketing expenses at about 3.6% of total selling price of all units and sale commission at 1.50% of the unit price. In each unit sale, 50% of sale commission is paid upon reservation and

contract signing of that unit. The rest will be paid after the ownership transfer. Ownership transfer fee and specific business tax are estimated based on the rates of the Department of Lands. The ownership transfer fee is estimated at 2.0% of the selling price and specific business tax at 3.3% of the selling price. The buyer and the Company will be responsible for the ownership transfer fee, each of 50% of the total fees. Such estimate is based on the projection by the Company's management which is in line with the transfer fee and specific business tax of Hyde Sukhumvit 13.

1.2 Administrative expenses

Key administrative expenses include staff expenses, management fee, repair and maintenance expenses, supplies cost, public utilities expenses, and fees paid to hotel chains providing hotel management service for the Company, building tax, office rental, etc. The administrative expenses in 2012-2014 accounted for Baht 552 million, Baht 666 million and Baht 538 million, representing 47%, 46% and 10% of total revenues from hotel business, revenues from sale of real estate and rental income respectively. A considerable increase in the administrative expenses in 2013 resulted from expenses on the launch of Hyde Sukhumvit13, allowance for damages from litigation cases and compensation expense, allowance for tax penalty from sales of Crown Plaza Sukhumvit Project, and expenses on the launch of Sheraton Pranburi Hotel.

In 2012-2014, administrative expenses of hotel business amounted to Baht 281 million, Baht 299 million and Baht 293 million, representing 31%, 30% and 36% of revenues from hotel business respectively. For the Westin Hotel and Sheraton Hua Hin Hotel, the ratio of administrative expenses to revenues from hotel business from 2015 onwards is projected to be equal to the average of 2012-2014, while repair and maintenance expenses are estimated at 2% of revenues from hotel business according to the projection of the Company's management. In case of Sheraton Pranburi Hotel, the ratio of administrative expenses to revenues from hotel business in 2015 is expected to decrease in line with the decrease of expense proportion. The administrative expenses are assumed to drop by the same rate as the decrease of expenses in 2013-2014, except the proportion of utility expenses to total revenues which is projected to decline by 5% from 2014 attributable to the change of the whole air conditioning system in the prior year. After that, the ratio of administrative expenses to revenues from hotel business will be equal to that of 2015. Hotel management fee is based on the rate specified in the contract. Repair and maintenance cost will be 2% of revenues from hotel business, similar to the Westin Hotel and Sheraton Hua Hin Hotel. According to the projection of the Company's management, administrative expenses of Hyatt Sukhumvit Hotel (excluding hotel management service contract) will be Baht 1,210/room and total administrative expenses will grow by 4% per year throughout the projection period. Hotel management fee is based on the rate specified in the contract. Other expenses of the hotel are estimated at 2-3% of total revenues according to the projection of the Company's management.

Administrative expenses of real estate business will be incurred mainly by Hyde Sukhumvit 11. The Company's management projects that the administrative expenses on condominium sale will be 1.4% of total selling price.

The administrative expenses of Pacific Place mainly are management fee. Previously, the Company provided building management service with the management fee of 15% of rental and service income. In this regard, the IFA projects the management fee at 10% of rental and service income in the first two months and at 12.50% of rental and service income as stated in the employment contract made with WR. Professional service fee is projected to increase by 5% per year. The ratio of other expenses to rental income is assumed to be equal to the average ratio of 2012-2014.

General administrative expenses mainly comprise staff expenses, rental, utility expenses, etc. The IFA projects the general administrative expenses of GRAND and its subsidiaries at Baht 130 million in 2015 according to the Company's management, and projects a growth rate of 3% p.a. according to normal inflation rate. Other administrative expenses of the Company are projected to equal 14.54% of the value of net investment properties which consist mainly of Pacific Place, the asset not related to GRAND, basing on the average percentage in 2012 – 2014⁴. In addition, the Company's management estimates a decrease in staff expenses by approximately Baht 0.50 million per month due to transfer of some staff to WR as a result of its appointment of WR to be the building manager for Pacific Place buildings.

5) Interest expense

The IFA projects the interest rate based on the interest on loans specified in the loan agreements and/or the details and conditions of the existing loans.

6) Income tax

Corporate income tax is set to be 20% of pre-tax profit.

⁴ In 2013, the Company's general administrative expenses were greater than usual due mainly to additional provisioning from the sale of Crowne Plaza Sukhumvit Project. As such, the IFA had deducted such expenses from the calculation of the proportion of the administrative expenses.

7) Working capital

The IFA projects the average collection period, average age of inventory and average payment period from hotel business by basing on the average of these items occurring in 2012-2014, i.e. 39 days, 10 days and 67 days respectively.

8) Capital expenditure

Capital expenditure during the projection period will be incurred mainly from the construction of Hyatt Sukhumvit Hotel. The Company's management projects the hotel's capital expenditure in 2015-2016 at Baht 1,000 million and Baht 884 million respectively. Additional capital expenditure of approximately Baht 72 million in 2015 is projected for Sheraton Pranburi Hotel for the construction of facilities according to the Company's management. For other capital expenditure, provision for repair and maintenance expense is set under hotel administrative expenses at 1-4% of total revenues of Hyatt Sukhumvit Hotel and at 2% of total revenues of other hotels.

9) Dividend payment of GRAND

The 2015 Annual General Meeting of Shareholders of GRAND held on April 20, 2015 approved the dividend payment from the 2014 operating performance to the shareholders of GRAND as follows:

- Payment in form of stock dividend at the rate of 20 existing shares to 1 dividend share in the total amount of not more than 137,573,333 ordinary shares at par value of Baht 1 per share totaling Baht 137,573,333 or equivalent to the rate of payment of share dividend of Baht 0.05 per share. In case of any friction of existing share after allotment of dividend share, the dividend shall be paid by cash in place of the payment by shares at the rate of Baht 0.05 per share; and
- Payment in form of cash at the rate of Baht 0.00556 per share in the total amount of not more than Baht 15,298,155.

The above dividend payment will cause the total number of GRAND shares to increase to 2,889,040,000 shares.

From the above assumptions, the Company's financial projections can be summarized as follows:

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------|----------|----------|----------|----------|----------|----------|
| Total revenues | 2,156.35 | 1,901.64 | 5,251.90 | 3,216.62 | 2,206.02 | 2,347.80 |

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------|----------|----------|----------|----------|----------|
| Total cost of sales and services | 841.11 | 721.26 | 2,827.23 | 1,450.26 | 808.62 | 857.38 |
| Total expenses | 1,182.36 | 1,151.04 | 1,649.27 | 1,573.08 | 1,475.90 | 1,512.31 |
| Net income | 79.81 | 5.45 | 562.45 | 126.56 | (79.87) | (34.45) |
| Net income attributable to equity holders of the Company | 30.79 | 5.74 | 241.16 | 71.99 | (33.12) | (21.13) |

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--|----------|----------|----------|----------|----------|----------|
| Total revenues | 2,522.50 | 2,006.79 | 1,833.14 | 1,909.04 | 1,988.29 | 2,072.61 |
| Total cost of sales and services | 903.92 | 727.88 | 668.06 | 696.44 | 726.06 | 756.98 |
| Total expenses | 1,463.77 | 1,184.37 | 1,113.02 | 1,136.87 | 1,161.19 | 1,186.52 |
| Net income | 100.25 | 61.05 | 30.08 | 48.52 | 68.24 | 90.14 |
| Net income attributable to equity holders of the Company | 39.61 | 29.20 | 17.39 | 24.88 | 32.89 | 41.79 |

| | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|--|----------|----------|----------|----------|----------|----------|----------|
| Total revenues | 2,159.04 | 2,249.30 | 2,345.29 | 2,443.75 | 2,546.59 | 2,610.73 | 2,451.98 |
| Total cost of sales and services | 789.26 | 822.95 | 858.13 | 894.86 | 933.21 | 952.62 | 870.70 |
| Total expenses | 1,212.56 | 1,234.70 | 1,263.81 | 1,304.48 | 1,345.04 | 1,344.43 | 1,263.90 |
| Net income | 112.05 | 138.98 | 163.68 | 179.86 | 198.64 | 237.83 | 236.21 |
| Net income attributable to equity holders of the Company | 50.69 | 61.63 | 71.66 | 78.23 | 85.86 | 101.78 | 101.12 |

■ Calculation of present value of cash flow

Based on the financial projection prepared under the above assumptions, the IFA uses the cash flow to shareholders in each year for estimating the present value with a proper discount rate in order to measure an appropriate value of the Company. Here is the calculation formula adopted:

$$V_{(0)} = \frac{CFE_{(1)}}{(1 + Ke)} + \frac{CFE_{(2)}}{(1 + Ke)^2} + \frac{CFE_{(3)}}{(1 + Ke)^3} + \frac{CFE_{(4)}}{(1 + Ke)^4} + \frac{CFE_{(5)} + V_{(5)}}{(1 + Ke)^5}$$

Where:

- $V_{(0)}$ = Current value of TPROP shares
- $CFE_{(t)}$ = Cash flow to shareholders in year t
- Ke = Cost of equity

$V_{(5)}$ = Terminal value, which in this case is the share value as of the end of year 18

1) Terminal growth rate

In estimating the present value of cash flow, the IFA has evaluated the terminal growth rate, meaning the growth rate of cash flow after year 18, which is the final year of the projection. The terminal growth rate is assumed to be 1.0% per year, since TPROP's business will continue to grow in the future, as driven by its consistent investment.

2) Cos of equity (Ke)

The discount rate applied in the estimation of present value of cash flow to shareholders is derived from the cost of equity (Ke). To find Ke, the IFA has applied the Capital Assets Pricing Model (CAPM), under the following formula:

Formula: $Ke = Rf + \beta_L \times (Rm - Rf)$

Where: Rf = Risk free rate, which is based upon a bid yield on the 29-year government bond, standing at 3.61% as of April 28, 2015 (*available from Thai Bond Market Association at www.thaibma.or.th*)

Rm = Market return, which is derived from the average rate of return from investment on the SET over 1995-2014, comprising returns from an increase or decrease in SET Index and dividend yield. The IFA has selected the market return over the past 20 years, which the IFA believes should cover the market volatility over these past years and could thus serve as a proper benchmark in the current and future situation. The average 20-year market return is 10.70% per year (from www.setsmart.com).

β_L = Beta (β), which is the variance between return on the Company's shares and the market return (based on the data from Bloomberg and calculated from the historical weekly returns on TPROP shares and weekly market returns over February 25, 2012-February 25, 2015, the last trading day before the date the Offeror's board of directors resolved to seek approval from the shareholders' meeting for the Offeror to change the method for payment of the consideration to the Company's shareholders who have accepted

the tender offer. The beta of GRAND is 1.17 (data from Bloomberg). However, since TPROP has been moved to the Non Compliance and Non Performing Group (NC & NPG) and faced a possible delisting, its shares are suspended from trading and the beta cannot be measured. The IFA has instead applied the beta of GRAND, which is a TPROP subsidiary and a SET-listed company, as more than 50% of the Company's revenues are derived from GRAND and its subsidiaries. The unleverage beta equal to 0.78 is then used to arrive at the leverage beta of TPROP of 1.31.

Based on the above data, we have derived the Ke of TPROP and GRAND of 12.92% and 11.91% respectively.

Under the assumptions and financial projection above, we have estimated an appropriate value of TPROP shares at Baht 0.33 per share, as illustrated in the table below:

(Unit: Baht million)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------------|----------|----------|------------|----------|----------|----------|
| Cash flow from operating activities | 102.67 | (265.49) | 2,681.62 | 1,128.54 | 352.92 | 389.78 |
| Cash flow from investing activities | (961.60) | (882.22) | 2.02 | 2.02 | 2.02 | 2.02 |
| Cash flow from financing activities | 732.94 | 885.48 | (1,582.78) | (269.02) | (280.25) | (254.53) |
| Free cash flow to shareholders | (125.99) | (262.23) | 1,100.85 | 861.54 | 74.69 | 137.26 |

| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|-------------------------------------|----------|----------|----------|----------|----------|----------|
| Cash flow from operating activities | 436.34 | 343.74 | 286.46 | 285.25 | 295.67 | 307.49 |
| Cash flow from investing activities | 2.02 | 2.02 | 2.02 | 2.02 | 2.02 | 2.02 |
| Cash flow from financing activities | (240.63) | (205.49) | (222.34) | (225.99) | (228.85) | (225.11) |
| Free cash flow to shareholders | 197.73 | 140.26 | 66.14 | 61.28 | 68.84 | 84.40 |

| | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|-------------------------------------|----------|----------|---------|---------|---------|---------|----------|
| Cash flow from operating activities | 319.25 | 330.52 | 344.55 | 360.70 | 377.54 | 399.71 | 403.52 |
| Cash flow from investing activities | 2.02 | 2.02 | 2.02 | 2.02 | 2.02 | 2.02 | 2.02 |
| Cash flow from financing activities | (220.97) | (360.50) | (39.20) | (39.20) | (39.20) | (39.20) | (39.20) |
| Free cash flow to shareholders | 100.30 | (27.96) | 307.36 | 323.52 | 340.35 | 362.52 | 366.34 |
| Terminal value | | | | | | | 3,104.43 |

| | Baht million |
|---------------------------------|--------------|
| PV of cash flow to shareholders | 1,916.31 |

| | Baht million |
|--|--------------|
| Add: Cash and cash equivalents as of December 31, 2014 | 285.01 |
| Total shareholders' value | 2,201.32 |
| Less: Non-controlling interests of GRAND | (1,148.76) |
| Shareholders' value of TPROP | 1,052.56 |
| Total number of paid-up shares of TPROP (million shares) | 3,193.19 |
| Share price (Baht/share) | 0.33 |

In addition, the IFA has conducted a sensitivity analysis on the share valuation, using the market return (Rm) and the terminal growth rate applied in the cash flow projection after 2033 onwards. The share value is shown in the table below:

| | | Terminal growth rate (%) | | | | |
|----|-------|--------------------------|------|------|------|------|
| | | 0.00 | 0.50 | 1.00 | 1.50 | 2.00 |
| Rm | 9.70 | 0.40 | 0.40 | 0.41 | 0.42 | 0.42 |
| | 10.20 | 0.36 | 0.36 | 0.37 | 0.37 | 0.38 |
| | 10.70 | 0.32 | 0.33 | 0.33 | 0.33 | 0.34 |
| | 11.20 | 0.29 | 0.29 | 0.30 | 0.30 | 0.31 |
| | 11.70 | 0.26 | 0.26 | 0.27 | 0.27 | 0.27 |

From the sensitivity analysis, TPROP shares are valued at between Baht 0.26 and Baht 0.42 per share.

5.2.2 Summary of TPROP share valuation

| Valuation approach | Fair value (Baht/share) | Appraised value higher /(lower) than offering price | |
|---|----------------------------|--|--------|
| | | (Baht/share) | (%) |
| 1) Book value approach | 0.65 | 0.08 | 13.89% |
| 2) Adjusted book value approach | | | |
| 2.1) Adjusted book value from consolidated financial statements of TPROP | 0.95 | 0.38 | 65.91% |
| 2.2) Adjusted book value from separate financial statements of TPROP | 0.85 | 0.28 | 49.26% |
| 3) Weighted average market price approach | N/A | N/A | N/A |
| 4) Market comparables approach | | | |

| Valuation approach | Fair value (Baht/share) | Appraised value higher /(lower) than offering price | |
|--|----------------------------|--|--------------------|
| | | (Baht/share) | (%) |
| 4.1) Price to earnings ratio or P/E ratio | 3.01 – 3.35 | 2.44 – 2.78 | 427.94 – 487.90% |
| 4.2) Price to book value ratio or P/BV ratio | 2.23 – 2.36 | 1.66 – 1.79 | 290.58 – 314.44% |
| 5) Discounted cash flow approach | 0.26 – 0.42 | (0.31) – (0.15) | (54.08) – (25.47)% |

The value of TPROP shares as measured by different approaches ranges between Baht 0.26 and Baht 3.35 per share. However, we are of the opinion that the valuation of the Company's shares by the **book value approach** is not suitable because this method presents the Company's financial position at a certain point in time, which is the outcome of past operations, but does not reflect the Company's future profitability and operational performance. As such, the valuation of shares by this approach does not accurately reflect the share value.

The **weighted average market price approach** is one of the methods that could reflect, to some extent, the share value from the SET investors' perspective towards the Company's business potential and growth in each period of time, particularly for shares with trading liquidity. However, the Company has faced a possible delisting and its shares have been suspended from trading on the SET. This approach therefore cannot be applied in measuring TPROP shares.

In our opinion, the share valuation by the market comparables approach, comprising P/E ratio and P/BV ratio, is not suitable either. Although the IFA has selected peer companies listed on the SET and operating business similar to the Company, they are still different to some extent, especially in terms of size and characteristics, target groups, location, name recognition, financial standing and operating results. Thus, the share value and financial ratios of the individual entities are viewed differently by the investors. The adoption of financial ratios of these peers in the share valuation could not truly reflect the Company's share value. Accordingly, we deem that the market comparables approach is not suitable for the measurement of a fair value of TPROP shares.

The **discounted cash flow approach** takes into account the future business plan, profitability and business growth potential of the Company. Therefore, we consider that this approach is most suitable for the valuation of a true value of TPROP shares.

As regards the **adjusted book value approach**, some items were adjusted to reflect the accurate book value at a certain point in time. This method did not take into account the competitiveness, the economic and industrial trend, and, similar to the book value approach, the profitability and operational

performance of the Company in the future. Value derived from adjusted book value approach would normally be a base value in case the Company is sold which would mostly be lower than the value derived from the discounted cash flow approach which takes into account business growth tendency in the future. However, as the Company's value derived from the adjusted book value approach stood at Baht 0.85 – 0.95 per share which was greater than the value of Baht 0.26 – 0.42 per share derived from the discounted cash flow approach, the IFA deemed that the adjusted book value approach should also be used in determining the appropriate price of the Company's share.

To sum up, the IFA is of the opinion that the adjusted book value and the discounted cash flow approaches are the best measurement of TPROP share value. The fair value of TPROP shares evaluated under these approaches is in a range of Baht 0.26 – 0.95 per share.

As disclosed in the tender offer document, the Offeror has no intention to delist TPROP from the SET within 12 months after the end of the tender offer period. However, on April 29, 2015 the Offeror sent additional notification to the SET that it still had a plan to delist the Company's shares from the SET bourse after the said 12-month period, and shall propose to its Board of Directors and shareholders to approve and determine the exact time period and related details accordingly. Considering the appropriate tender offer price as at the date of this report in case of delisting tender offer pursuant to Clause 56 of the Capital Market Supervisory Board's Notification No. ThorJor 12/2554 Re: Rules, Conditions and Procedures for Holding of Securities for Business Takeovers, the tender offer price of Baht 0.57 per share shall not be lower than Baht 0.85 – 0.95 per share⁵, which was the highest price derived from the following criteria:

- 1) The highest price at which the Offeror, or any related party specified in Section 258, has acquired the ordinary shares or the preferred shares during a 90-day period before the date on which the tender offer document is submitted to the SEC
- None -
- 2) The weighted average market price of the shares during five business days before the date on which the Company's Board of Directors resolved to submit the delisting of shares for consideration by the shareholders' meeting, or the date the shareholders' meeting of the Company resolves to delist the shares from the SET, whichever is earlier
- None -

⁵ The above prices were calculated based on the information of the Company and economic conditions prevailing as at the date of this report. On the date of delisting of the Company's securities by the Offeror, should the economic conditions and other external factors affecting the Company's operation as well as the Company's situation be changed, the share values derived from the above criteria may be changed accordingly.

- 3) The net asset value of the Company calculated based on the book value that has been adjusted to reflect the latest market value of the assets and liabilities of the Company
The Company's net asset value equals Baht 0.85 – 0.95 per share
- 4) The fair value of ordinary shares or preferred shares of the Company as appraised by a financial advisor
The Company's fair value equals Baht 0.26 – 0.95 per share

5.3 Reasons to accept and/or reject the tender offer

The IFA is of the opinion that the shareholders should accept the tender offer because the tender offer price is within the range of appropriate prices. Comparing a fair value of the Company's shares which is in a range of Baht 0.26 – 0.95 per share with the tender offer price of Baht 0.57 per share, the appropriate price is lower/ (higher) than such tender offer price by Baht 0.31 – (0.38) per share or by 54.08 – (65.91)%. Also, considering the current status of TPROP shares that have been suspended from trading on the SET and faced a possible delisting as the shares have been moved by the SET to the Non Compliance and Non Performing Group (NC & NPG), the Company's shares currently do not have trading liquidity if the Company fails to resume its shares trading on the bourse in the future or the Offeror fails to delist the Company's securities from the SET after completion of the tender offer.

Moreover, the shareholders who continue holding TPROP shares may be exposed to risk involved with checks and balances from the shareholders who are not the Offeror. This is because the tender offer is subject to a condition that, after the end of the tender offer period, the number of shareholders of the Company who have accepted the tender offer must not be less than 75% of the total issued and paid-up securities of the Company, which represents not less than three-fourths of total voting rights of shareholders who attend the meeting and have the right to vote. As a result, the Offeror will have an almost total control over crucial decisions at the shareholders' meeting, including matters such as a capital increase/decrease, a merger, and an acquisition/disposal of assets. Moreover, if the number of shareholders of the Company who have accepted the tender offer is not less than 90% of the total paid-up shares of the Company, the Offeror will then have power to control voting at the shareholders' meeting on any issues which require that there must not be dissenting votes of more than 10% of the total number of votes of the shareholders who attend the meeting, including matters such as a delisting of the Company's shares from the SET, an issue and offering of new securities to directors or employees, an issue and offering of new securities at a low price, as well as a call for shareholders' meeting by at least 25 shareholders with an aggregate shareholding of not less than 10% of the total issued and paid-up shares. Therefore, the shareholders who are not the Offeror may be unable to gather sufficient votes to exercise checks and balances against the Offeror regarding such matters.

Although the tender offer price of Baht 0.57 per share is Baht 0.28 – 0.38 per share lower than the Company's value derived from adjusted book value approach which yielded the highest price in the case of a tender offer for delisting of securities according to the criteria stipulated in the Capital Market Supervisory Board's Notification No. ThorJor 12/2554 Re: Rules, Conditions and Procedures for Holding of Securities for Business Takeovers, which currently stood at Baht 0.85 – 0.95 per share⁶ as at the date of this report, the Offeror still has no definite plan for the delisting of the Company's shares while it also requires the approval from its Board of Directors and/or shareholders. Plus, timeframe has not been fixed while it requires at least 12 months from the end of the tender offer period for the delisting. Therefore, the Company's share price as at the date of the delisting may significantly change from the above prices, especially when the Company's major assets are leasehold rights and property for sale which will gradually expire and/or be sold. The Company's value will change as the terms of the leasehold rights become shorter and/or according to the value of new property projects in the future. Moreover, in case of liquidation, it may take a long time to sell all of the Company's assets at appropriate prices while the selling prices are not certain.

5.4 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

We have considered the business plans and policies indicated by the Offeror in the tender offer document and then analyzed the benefits and impacts that could arise from the tender offer, which could be summarized as follows:

5.4.1 Benefit from shareholding by the Offeror in the Company

Within 12 months from the end of the tender offer period, the Offeror has no policy to change the main business objectives of the Company. The Offeror will acquire not less than 75% of the total paid-up shares in TPROP and will thereby become the largest shareholder of the Company. Considering the Offeror's experience and expertise in real estate development business, it will likely be able to map out efficient business plan and management policy for the entire group member companies, including TPROP, so that they could support and assist each other in their business operation in the long term. Besides, if the Offeror and the Company can share their personnel and utilities in the future, the Company will then benefit from saving of operating costs.

⁶ The above prices were calculated based on the information of the Company and economic conditions prevailing as at the date of this report. On the date of delisting of the Company's securities by the Offeror, should the economic conditions and other external factors affecting the Company's operation as well as the Company's situation be changed, the share values derived from the above criteria may be changed accordingly.

5.4.2 Impact from the business management plan and policy

According to information indicated in the tender offer document (Form 247-4), the Offeror has no policy to materially change the business management plan of the Company within 12 months from the end of the tender offer period. However, the Offeror may integrate the Company into the Offeror's group to benefit from synergy in line with such business objectives and also to enhance the Company's operational efficiency and competitiveness. The Offeror may decide on a revision of the investment expansion plan, the business group restructure to ensure clarity, including organization structure, management, human resource and capital structure as well as possible disposal of some properties to align with future business direction and financial status of the Company. This is to comply with the Offeror's Acquisition Plan, under which the business management structure of the Offeror's group of companies will focus on business cooperation within the group. The Offeror will play a leading role in property development for sale business in both low rise and high rise, while GRAND will be the core entity in developing and operating hotel business for both existing and future projects. The group will leverage on positive strengths of all member companies in order to create economic value added for the utmost benefit of the group according to objectives of the Acquisition Plan. However, the Offeror still pays attention to business management of each company within the group so that each company can continually operate and manage its business. The Offeror will take into account the appropriateness of shareholding after the tender offer and may appoint and/or change the management and directors of each company as deemed fit. Any change and/or appointment of directors of each company will be subject to approval from shareholders or board of directors of each company according to the new shareholding structure after successful implementation of the Acquisition Plan.

After the successful acquisition, the Offeror will still use the current name of each business entity to be beneficial to the brand image and brand loyalty of customers of the group's member companies which have different customer bases.

The Offeror has no intention to change the current dividend payment policy of the Company. However, if there are significant changes in business circumstances, financial position or any other condition, the Offeror might review and adjust the business policy or plan of the Company as deemed appropriate to ensure the optimum benefit to the Company and, where it is a material change, will seek approval from the Board of Directors' meeting and/or shareholders' meeting of the Company in accordance with the Company's regulations and the relevant laws.

In addition, the Offeror has no intention to delist TPROP securities from the SET during a 12-month period from the end of the tender offer period. However, if there are causes leading the Company to be delisted according to the SET's requirements, the Company's ordinary shares may be delisted according to the then effective laws and regulations. Also, within 12 months from the end of the tender offer period, the Offeror has no plan to sell or transfer TPROP shares acquired from the tender offer to other parties in a significant amount, except where the Offeror undertakes a shareholding restructuring within the group in which case the Offeror may sell or transfer such shares to major shareholders or persons in the group or related persons under Section 258 of the Securities and Exchange Act B.E. 2535, or except where the Offeror is obligated to act in compliance with the laws, rules and regulations then in force.

After completion of the tender offer, the Offeror intends to nominate qualified persons who have knowledge, expertise and experience necessary and suitable for business operation of the Company for consideration and appointment as directors by the meeting of shareholders and/or Board of Directors of the Company (as the case may be) in order to benefit the Company's business administration and increase its business potential. This will be carried out in compliance with the applicable rules, regulations and laws. Initially, the Offeror expects to nominate three to four candidates as the Company's directors and is still in the process of selecting qualified persons for such positions.

Based on the above business management policy and plan, the IFA is of the opinion that the investment in the Company by the Offeror will likely bode well for the Company since they could leverage on combination of their business potentials, experiences, skills and strengths in each field of business, including high rise and low rise property development, hotel property development, and development of property for rent, which could enhance capability and competitiveness in overall business operation of the group. Besides, since the groups of the Offeror and the Company operate a similar type of business in real estate development, they will be able to share resources which could then create economies of scale and could also mitigate problem in duplicated operations. However, the Company's shareholders might be affected had there been a change in the dividend payment policy of the Company in the future.

5.4.3 Impact from the listed company status

According to information indicated in the tender offer document, the Offeror has no intention to delist TPROP securities from the SET during a 12-month period from the end of the tender offer period, except where there are causes leading the Company to be delisted according to the SET's requirements. We view that the minority shareholders of the Company will unlikely be affected by the said policy.

However, according to the information disclosed in the letter dated April 29, 2015 notified by the Offeror to the SET, the Offeror still has a plan to delist the Company's securities from the SET after the 12-month period after the end of the tender offer period, and shall propose to its Board of Directors and shareholders to approve and determine the exact time period and related details accordingly. The IFA views that the Company's minority shareholders may be affected from the delisting of the Company's shares from the SET. For example, minority shareholders may not easily be able to sell their shares as there will be no secondary market for share trading, and minority shareholders who are natural persons will not earn capital gain tax exemption. Additionally, minority shareholders may have a limited access to the Company's news and information as the Company will no longer be required to disclose the information according to the SET regulations. Moreover, if after completion of the delisting, minority shareholders hold an aggregate of not more than 5% of the total issued and paid-up shares of the Company or the total number of the holders of all type of securities is less than 100 persons, the Company will not have the duty to prepare and submit its financial statements and reports on its financial position and operating results while the Company's directors, management and auditor will not be required to prepare and submit a report on their holding of the Company's securities to the SEC.

However, the delisting of the Company's shares from the SET requires approval from the shareholders' meeting of the Company, with a required affirmative vote of not less than three-fourths of the total issued shares and without dissenting votes against the delisting from at least 10% of the total issued shares.

Should the Company obtain approval resolution for the delisting of the securities from the SET from the shareholders' meeting, the delisting tender offer price may be higher or lower than this tender offer price as according to the Capital Market Supervisory Board's Notification No. ThorJor 12/2554 Re: Rules, Conditions and Procedures for Holding of Securities for Business Takeovers, in case of the delisting tender offer, the tender offer price for the ordinary shares shall not be lower than the highest price derived from the following criteria:

- 1) The highest price at which the Offeror, or any related party specified in Section 258, has acquired the ordinary shares or the preferred shares during a 90-day period before the date on which the tender offer document is submitted to the SEC
- 2) The weighted average market price of the shares during five business days before the date on which the Company's Board of Directors resolves to submit the delisting of shares for consideration by the shareholders' meeting, or the date the shareholders' meeting of the Company resolves to delist the shares from the SET, whichever is earlier

- 3) The net asset value of the Company calculated based on the book value that has been adjusted to reflect the latest market value of the assets and liabilities of the Company
- 4) The fair value of ordinary shares or preferred shares of the Company as appraised by a financial advisor

5.5 Benefit to and impact on the shareholders who reject the tender offer (only in case of a tender offer for delisting under the SET regulations)

None, as this is not a tender offer for delisting of securities.

5.6 Conclusion of the IFA's opinion

We view that the offering price of Baht 0.57 per share is within a range of appropriate prices whereby such tender offer price is higher/ (lower) than a fair value of the Company's shares appraised in a range of Baht 0.26 – 0.95 per share by Baht 0.31 – (0.38) per share or 54.08 – (65.91)%.

Therefore, we recommend that the shareholders should accept the tender offer proposed by the Offeror.

In deciding whether to accept or reject the tender offer, the shareholders are recommended to ponder on the information and opinion in various aspects provided by the IFA, and the final decision should be made at the individual shareholders' discretion. We have presented the information and opinion based on the information and documents obtained from the Company and from interviews with its management and concerned staff, assuming that the said information is reliable, complete and accurate. However, it is by no means any of our intention or action to indicate or imply that we have certified the accuracy or completeness of the information and the assumptions adopted in the rendering of our opinion in this report. The assumptions used for the financial projection are based only upon the economic situation and information prevailing at the time of preparing this study. Should there be any material change in these factors, it could affect our opinion given herein.

We, Sage Capital Ltd., as the Independent Financial Advisor, hereby certify that we have provided opinion on the transaction described above with due care under professional standards, with attention primarily paid to the interest of the shareholders.

Yours sincerely,
Sage Capital Ltd.

Thanathip Vidhayasirinun

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(Thanathip Vidhayasirinun)

Chief Executive Officer

Saranya Krasaesian

.....
(Saranya Krasaesian)

Managing Director