

(Translation)

PP 233/2015

30 June 2015

Subject: First Amendment to the Tender Offer for Securities of Grande Asset Hotels and Property PCL

To: Secretary-General of the Securities and Exchange Commission
Director and Manager of the Stock Exchange of Thailand
Directors and Securities Holders of Grande Asset Hotels and Property PCL

Enclosure1: Amendment to the Tender Offer for Securities of Grande Asset Hotels and Property PCL

Enclosure2: The Tender Offer for Securities (Form 247-4) of Grande Asset Hotels and Property PCL (Amendment)

Property Perfect PCL (the "Company") as the Offeror and KTB Advisory Company Limited as the Preparer of the Tender Offer have submitted the Tender Offer for Securities of Grande Asset Hotels and Property PCL ("GRAND") to the Securities and Exchange Commission, the Stock Exchange of Thailand, GRAND, and directors and securities holders of GRAND on 16 June 2015.

The Offeror and the Preparer of the Tender Offer would like to amend the Tender Offer for Securities of GRAND as detail provided in enclosure.

Please be informed accordingly,

Sincerely Yours,

Property Perfect Public Company Limited



บริษัท พร็อพเพอร์ตี้ เพอร์เฟก จำกัด (มหาชน)
Property Perfect Public Company Limited

(Mr. Chainid Adhyanasakul)

Director

(Ms. Sirirat Wongwattana)

Director

The Offeror

KTB Advisory Company Limited



(Mr. Wirach Morakotkarn)

Acting Chief Executive Officer

The Preparer of the Tender Offer

Amendment to the Tender Offer for Securities of Grande Asset Hotels and Property Public Company Limited

Note: The added information is in bold with underline and ~~the deleted information is in bold with strikethrough~~

1. Amendment in part 1 page 1 clause 4 “Objective of making the Tender Offer”

Property Perfect Public Company Limited had made the Tender Offer of all securities of Thai Property Public Company Limited (“TPROP”) between 28 April 2015 and 5 June 2015 and became a major shareholder of TPROP in proportion of of 89.67~~more than 75.00~~ percent of the total issued and paid-up securities of TPROP.

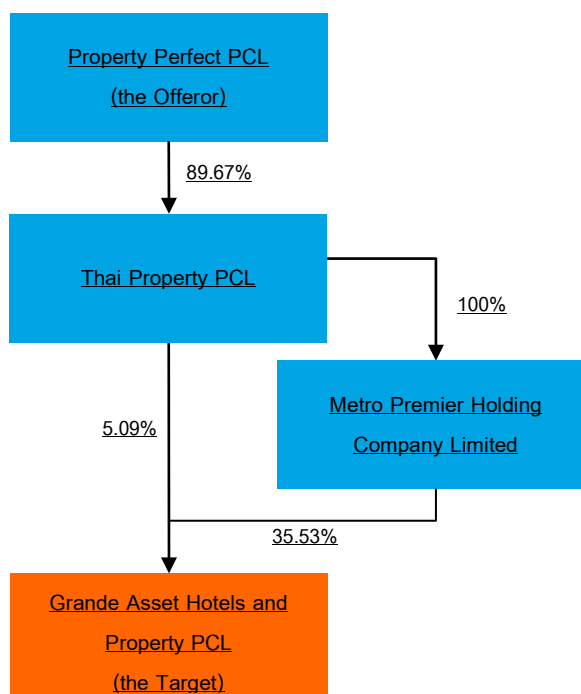
2. Amendment in part 2 page 18 clause 4.2 “Shareholding, either direct or indirect, by the Offeror or its authorized persons in the Target or the Target’s major shareholders”

At the date of submission of the Tender Offer documents, the Offeror had shareholding on the Target’s major shareholder which is Thai Property Public Company Limited group by holding 89.67 percent of Thai Property Public Company Limited shares. Thai Property Public Company Limited group had shareholding on the Target as follows:-~~The shareholding details are as follows:~~

- Metro Premier Holding Company Limited, a subsidiary of Thai Property Public Company Limited with 100% shareholding, held 1,026,558,657 shares of the Target (35.53 percent of the total paid-up shares of the Target)
- Thai Property Public Company Limited held 147,000,000 shares of the Target (5.09 percent of the total paid-up shares of the Target)

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Shareholding structure before the Tender Offer



3. Amendment in part 3 page 25 clause 1.3.1 “Shareholding Structure of the Target”

Name	No. of shares	% of the Target's total paid-up shares	% of the Target's total voting rights
1. <u>Thai Property Public Company Limited Group</u> ^{††}	1,173,558,657	40.62	40.62
<i>Metro Premier Holding Company Limited</i> ^{†††}	1,026,558,657	35.53	35.53
<i>Thai Property Public Company Limited</i> ^{††††}	147,000,000	5.09	5.09
2. <u>Narula Group</u> ^{†††††}	371,623,322	12.86	12.86
<i>Miss Saranya Chaichutaporn</i>	91,023,800	3.15	3.15
<i>Mr. Suradech Narula</i>	66,580,824	2.30	2.30
<i>Mr. Warin Narula</i>	31,571,966	1.09	1.09
<i>Mr. Kirin Narula</i>	28,256,985	0.98	0.98
<i>Mr. Luk Narula</i>	25,200,000	0.87	0.87
<i>Mr. Surin Narula</i>	25,200,000	0.87	0.87
<i>Mr. Ratchavin Narula</i>	22,050,000	0.76	0.76
<i>Mr. Amarin Narula</i>	18,480,000	0.64	0.64
<i>Mr. Nakarin Narula</i>	14,175,000	0.49	0.49
<i>Mr. Narin Narula</i>	13,766,355	0.48	0.48
<i>Mrs. Sunita Narula</i>	10,364,670	0.36	0.36

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Name	No. of shares	% of the Target's total paid-up shares	% of the Target's total voting rights
<i>Mrs. Ravisara Narula</i>	5,775,000	0.20	0.20
<i>Mrs. Amornrat Narula</i>	5,775,000	0.20	0.20
<i>Mrs. Inthanee Narula</i>	5,250,000	0.18	0.18
<i>Mr. Kirapan Narula</i>	2,685,611	0.09	0.09
<i>Mr. Vijit Narula</i>	2,685,611	0.09	0.09
<i>Miss Anichaka Narula</i>	1,575,000	0.05	0.05
<i>Miss Suraiya Narula</i>	1,050,000	0.04	0.04
<i>Miss Ratsiri Narula</i>	157,500	0.01	0.01
3. Citynet Asia Limited	206,850,000	7.16	7.16
4. Thai NVDR Company Limited	62,963,338	2.18	2.18
5. Mr. Tawee Anantarattana	52,283,490	1.81	1.81
6. <u>Wongapisumpho Group</u>	47,644,905	1.65	1.65
<i>Mr. Vileard Wongapisumpho</i>	42,600,705	1.47	1.47
<i>Mrs. Suwimon Wongapisumpho</i>	5,044,200	0.17	0.17
7. Mr. Theeratat Poolkasame	43,424,115	1.50	1.50
8. Credit Suisse AG, Singapore Branch	26,116,213	0.90	0.90
9. Mr. Chaiyong Leeparikon	17,955,000	0.62	0.62
10. EAST FOURTEEN LIMITED-EMERGING MARKETS SMALL CAP SERIES	13,101,375	0.45	0.45
Top 10 shareholders	2,015,520,415	69.76	69.76
Other shareholders	873,518,822	30.24	30.24
Total	2,889,039,237	100.00	100.00

1/ A subsidiary of TPROP which TPROP holds 100% of its total paid-up capital shares

~~4/2/~~ A subsidiary of the Tender-Offeree in proportion of 89.67% more than 75% of its issued and paid-up shares

~~2/3/~~ Disclosed in accordance with the tender offer (including further amendment) of GRAND by Metro and Narula Group dated 4 January 2011

4. Amendment in part 3 page 26 clause 1.3.2 "Anticipated shareholding structure after the Tender Offer"

Name	No. of shares	% of the Target's total paid-up shares	% of the Target's total voting rights
<u>Property Perfect Public Company Limited Group</u>			
1. Property Perfect Public Company Limited	1,715,480,580	59.38	59.38
2. <u>Thai Property Public Company Limited Group</u> ^{1/}			
<i>Metro Premier Holding Company Limited</i>	1,026,558,657	35.53	35.53

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Name	No. of shares	% of the Target's total paid-up shares	% of the Target's total voting rights
<i>Thai Property Public Company Limited</i>	147,000,000	5.09	5.09
Total	2,889,039,237	100.00	100.00

1/ A subsidiary group of the Offeror which the Offeror holds TPROP's shares in proportion of 89.67% of TPROP's issued and paid-up shares and TPROP holds Metro's shares in proportion of 100% of Metro's issued and paid-up sharesA subsidiary of the Tender Offeror in proportion more than 75% of issued and paid-up shares

5. Amendment in part 3 page 26 clause 1.4 "List of Board of Directors of the Target"

1.4.1 List of Board of Directors of the Target ~~before the Tender Offer~~ as of 23 June 7 May 2015

	Name		Position
1.	Mr. Watcharakiti	Watcharothai *	Chairman of Board of Director
2.	Mr. Wichai	Thongtang	Director and Chairman of Executive Committee
3.	<u>Dr. Bhichit</u>	<u>Rattakul *</u>	Director
	Miss Sumalee	Wangprakobsook	
4.	<u>Mr. Chainid</u>	<u>Adhyanasakul *</u>	Director
	Mr. Vitavas	Vibhageol	
5.	Mr. Suradej	Narula	Director
6.	Mr. Amarin	Narula	Director
7.	<u>Miss Wilawun</u>	<u>Leongnarkongdee *</u>	Director
	Mr. Asawin	Rakmanusa	
8.	Mrs. Phornsiri	Manoharn	Independent Director
9.	Mr. Pornchai	Kittipanya-ngam	Independent Director and Chairman of Audit Committee
10.	Mr. Wattana	Suthipinijtham	Independent Director and Audit Committee
11.	Mr. Amarit	Pansiri	Independent Director and Audit Committee

Remark : * Directors who are representatives of The Company group after a change in TPROP's shareholding structure and board of directors from the Offeror making a tender offer for all TPROP's securities and becoming a major shareholder of TPROP (the Target's board of directors proceeded a change in aforementioned directors on 23 June 2015)

1.4.2 Anticipated Board of Directors after the Tender Offer

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Following the completion of the Tender Offer, in case that the Offeror receives additional shares of the Target from this Tender Offer, the Offeror intends to propose a list of individuals who have necessary knowledge skills and experience to support business of the Target for shareholders and/or board of directors (as the case may be) to appoint as directors. In this regard, in case that the Offeror does not receive additional shares of the Target in this Tender Offer, the Offeror shall propose additional four (4) individuals as representatives of the Offeror to be non-independent directors of the Target in proportion of additional Target's shares received from this Tender Offer by replacing the existing directors of the Target ~~who are current representatives of TPROP.~~

~~However, in case that the Offeror receives additional shares of the Target from this Tender Offer, the Offeror shall propose individuals as representatives of the Offeror to be non-independent directors, in proportion of Offeror's shareholding of the Target, by replacing the existing directors of the Target~~

~~The Offeror is currently in the process of selecting the potential candidates and the Offeror shall carry out the said selection process to be in accordance with guidelines, laws, and regulations.~~

6. Amendment in part 4 page 43 clause 7.1 "The rationale of the Tender Offer Price"

Replacing following information for existing 7.1 The rationale of the Tender Offer Price

This Tender Offer is a mandatory tender offer which requires the Offeror to make the tender offer of all securities of the Target after the Offeror had acquired the significant control over the Target through the Tender Offer to all securities of TPROP between 28 April 2015 and 5 June 2015 which the Offeror had acquired 89.67 percent of the total TPROP's issued and paid-up shares. TPROP possesses securities of the Target directly and indirectly in proportion of 40.62 percent of total Target's issued and paid-up shares, equivalent to 40.62 percent of total Target's voting rights. As a result, the Offeror shall have a significant control in the Target pursuant to the Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers Clause 6 (Chain Principal) ("Notification No. ThorJor. 12/2011")

Therefore, the Tender Offer price of Baht 1.29 (One Point Two Nine Baht) is pursuant to Notification No. ThorJor. 12/2011 Clause 37 (1) which requires that for the case that the Offeror or related parties according to Section 258 of the Offeror had not acquired the Target's securities during 90 days before submitting the Tender Offer document to the SEC, the Tender Offer price shall not be lower than the cost of acquiring the control over the Target through other juristic persons. The procedures to calculate the cost of acquisition of the Target's securities (i.e. See-Through Price) are as follows:

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7.1.1 Summary of the cost of acquisition of the Target's securities according to the Chain Principle Rule

No.	Description	TPROP	The Target
1	Total value of securities	Calculated using Discounted Cash Flow method (details and assumptions of calculating cost of shares acquisition in Clause 7.1.2)	Baht 1,230.92 million (Calculated from TPROP (company-only) + PED + the Target (40.62%))
2	Value of the Target held by TPROP	Calculated proportionately with shareholding by TPROP in the Target of 40.62%	-
3	Cost of acquisition of securities	The Offeror had made the Tender Offer for all securities of TPROP at the offering price Baht 0.57 per share, which is equivalent to the total cost of TPROP acquisition of Baht 1,820.12 million	Baht 1,442.44 million calculated using the value of the Target held by TPROP ^{1/} which is 79.25% of the cost of acquisition of TPROP's securities (from item 2). Therefore, the proportionate value of the Target received by the Offeror is approximately Baht 1,442.44 million (calculated from 79.25% * 1,820.12)
4	Cost of acquisition of the Target's securities (per share)	-	Baht 0.57 per share which is the Tender Offer price for all TPROP's securities
5	The Tender Offer price for all Target's securities	-	Baht 1.23 per share calculated by dividing cost of acquisition of the Target's securities of Baht 1,442.44 million (from item 3) by number of the Target's securities held by TPROP ^{1/} (after paying share dividend) of 1,173.56 million shares
			Baht 1.29 per share which is the Tender Offer price which is not less than cost of acquiring the control over Target through TPROP (from item 4)

Remark : 1/ total shareholding proportion of the Target by TPROP group which is held by TPROP 5.09% and held by Metro, a subsidiary of TPROP, 35.53%

Therefore, the Tender Offer price for all Target's securities of Baht 1.29 per share is the Tender Offer price which is not less than cost of acquiring the control over the Target through TPROP.

The aforementioned Tender Offer price was approved by the extraordinary general shareholder meeting No.1/2014 of the Company on 29 July 2014 and the 2015 annual general shareholder meeting of the Company on 23 April 2015.

7.1.2 Detail and assumption in calculating cost of acquisition of the Target's securities

The calculation of aforementioned cost of acquisition of the Target's securities uses Discount Cash Flow method of 3 companies including TPROP, Pacific Estate Development Company Limited ("PED") (a subsidiary of TPROP) and the Target. The total value of TPROP given assumption of 3 companies is as follows:

	Unit: Million Baht
TPROP (company-only) – assumption item 1	(190.62)
PED – assumption item 2	446.04
The Target (proportion 40.62%) – assumption item 3	975.51
Total value of TPROP	1,230.92

The detail and assumption of each company's projection are as follows:

1) Assumption on TPROP projection (company-only)

- In the past, main revenues of TPROP (company-only) came from interest revenue from loans to related parties (Scenery Peak Limited ("SNP"), Metro and the Target); and from management fee (or advisory fee of office building for rent business) as reflected in detail of assumption on PED projection in the next section
- However, beginning in 2015, since PED has had a new property manager contract, TPROP then no longer receives such revenue. Therefore, considering the related party transaction between TPROP and its subsidiaries including the Target, there will be no interest revenue in the projection period.

Unit: Million Baht	2012A	2013A	2014A	2015F	2016F	2017F	2018F – 2028F
Interest revenue	49.24	39.48	29.63	-	-	-	-
Other revenues (including management fee from PED)	33.68	41.78	39.69	-	-	-	-

Administrative expense

- Most administrative expenses include employee expenses, office building rent, and directors' compensation. Because main revenue of TPROP administrative expenses is from management fee from PED which no longer exists since 2015. Moreover, new property manager of PED has

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acquired some TPROP's employees related to PED's property management. Therefore, administrative expenses are projected to reduce approximately to Baht 34.2 million per year with growth rate of 2% a year.

Financial cost

- Financial cost is assumed to be 7.5% per year and TPROP shall pay out all loans from banks within 2015

Corporate income tax

- Corporate income tax is assumed to be 20% throughout the projection period

Current assets turnover and current liabilities turnover

- Trade account receivable which is PED's management fee is assumed to stay constant throughout the projection period
- Average trade account payable is assumed to be approximately 150 days

- According to above assumptions, summary of TPROP's performance (company-only) is as follows:

Unit: Million Baht	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F
Total revenue	87.8	81.3	71.1	-	-	-	-	-	-
Cost of selling assets	(2.7)	-	(0.8)	-	-	-	-	-	-
Administrative expense	(48.0)	(44.2)	(53.3)	(34.2)	(34.9)	(35.6)	(36.3)	(37.1)	(37.8)
EBITDA	37.2	37.1	17.1	(34.2)	(34.9)	(35.6)	(36.3)	(37.1)	(37.8)

Unit: Million Baht	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
Total revenue	-	-	-	-	-	-	-	-
Cost of selling assets	-	-	-	-	-	-	-	-
Administrative expense	(38.6)	(39.3)	(40.1)	(40.9)	(41.7)	(42.6)	(43.4)	(44.3)
EBITDA	(38.6)	(39.3)	(40.1)	(40.9)	(41.7)	(42.6)	(43.4)	(44.3)

Growth rate of free cash flow after the projection period

- Given conservative basis, the growth rate of free cash flow after the projection period is assumed to be 0% per year

Discount rate

- Discount rate to calculate present value of free cash flow is Weighted Average Cost of Capital: WACC which is a weighted average of cost of debt (K_d) and cost of equity (K_e) as follows:

$$WACC = K_e * E / (D+E) + K_d * (1-T) * D / (D+E)$$

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whereby

K_e = Cost of equity or shareholders' required rate of return
(R_e)

K_d = Cost of debt or loan interest rate of TPROP

T = Corporate income tax rate

E = Total shareholders' equity

D = Interest-bearing debt

- Cost of equity (K_e) or shareholders' required rate of return (R_e) is calculated from Capital Asset Pricing Model (CAPM) as follows:

$$K_e \text{ (or } R_e \text{)} = R_f + \beta (R_m - R_f)$$

whereby

Risk Free Rate (R_f) = Based on 30-year government bond yield (December 2014) at 3.86% which is long-term and appropriate government bond yield, assuming going concern operation

Beta (β) = 0.58 – 0.87 times. Given that TPROP's securities are not traded in the Stock Exchange of Thailand and most of TPROP's assets are assets of the Target operating hotel business, the Beta is based on unlevered beta (average weekly 2-year historical data until 31 December 2014 from Bloomberg) of peer comparables including the Erawan Group PCL, Laguna Resorts & Hotels PCL and Central Plaza Hotel PCL and adjusted with interest-bearing debt to equity ratio of TPROP (company-only)

Market Return (R_m) = Average 7-year historical rate of return on SET from 2007 – 2014 which is equal to 18.67%. The said period is likely to include volatility of market in the past (both global economic crisis in 2008 and Thailand's political crisis in 2011 and 2014) and therefore considered to be appropriate representative of market rate of return

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K_d = Projected borrowing rate at approximately 7.50% per year based on current average financial cost of TPROP

D/E Ratio = Interest-bearing debt to equity ratio at 0.02 times which is equal to interest-bearing debt to equity ratio of TPROP (company-only)

T = Estimated corporate income tax rate at 20% per year

- Calculated WACC is 14.84% per year

- Projection of TPROP's free cash flow and present value of free cash flow given aforementioned assumptions can be summarized as follows:

Unit: Million Baht	2015F ^{1/}	2016F	2017F	2018F	2019F	2020F	2021F	2022F
Free Cash Flow to Firm (FCFF)	(17.1)	(22.1)	(24.0)	(26.0)	(27.9)	(29.8)	(31.8)	(33.8)
Present value of FCFF	(8.8)	(18.0)	(17.0)	(16.0)	(15.0)	(13.9)	(12.9)	(12.0)

Unit: Million Baht	2023F	2024F	2025F	2026F	2027F	2028F	Terminal Value
Free Cash Flow to Firm (FCFF)	(35.7)	(37.7)	(39.8)	(41.8)	(43.3)	(44.3)	
Present value of FCFF	(11.0)	(10.1)	(9.3)	(8.5)	(7.7)	(6.8)	(40.1)

Remark: 1/ only second half of the year 2015 free cash flow projection

- Present value of TPROP (company-only) as of 30 June 2015 is as follows:

	Unit: Million Baht
Sum of present value of FCFF	(255.6)
Add - cash and cash equivalent (projected as of 30 June 2015) ^{1/}	65.0
Less – outstanding debts ^{1/}	-
Present value of TPROP	(190.6)

Remark : 1/ projected cash inflow from debt repayment from SNP equal to Baht 98.1 million and deduct with outstanding debt to be paid in 2015 equal to Baht 24.4 million and expenses occurred in the first half of the year 2015

2) Assumption of PED projection

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- PED operates office building for rent business including One Pacific Place Building and Two Pacific Place Building. Currently, PED has leasehold right on land of said office buildings until 31 January 2019.
- Given above conditions, the projection of PED is under following assumptions:

Revenue from rental spaces and services

- Net rental area of One Pacific Place Building is 16,012.25 sq.m. and net rental area of Two Pacific Place Building is 21,563.24 sq.m.
- Rental revenue assumptions are based on historical occupancy rate of 2012 – 2014. Given occupancy rates in 2014 of One Pacific Place Building and Two Pacific Place Building are at 96.3% and at 99.2% respectively, the projection assumes that aforementioned occupancy rates remain constant throughout the projection period because location of the buildings is on Sukhumvit road and close to BTS. In addition, after leasehold right expires, the landlord is likely to continue the office building for rent business.
- Growth rate of rental rate of the buildings is 10.0% for every three years or equivalent to approximately 3.0% per year which is standard for leasehold right of office building
- Average growth rate of other service fees, such as parking lots and utilities, is 3.0% for every two years

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F
No. of month	12	12	12	12	12	12	12	1
Occupancy rate (%)								
<i>One Pacific Place Building</i>	81.3%	85.9%	96.3%	96.3%	96.3%	96.3%	96.3%	96.3%
<i>Two Pacific Place Building</i>	85.1%	95.8%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%
Average rental rate (Baht/ sq.m. / month)								
<i>One Pacific Place Building</i>	449.2	465.2	492.4	456.6	456.6	456.6	502.3	502.3
<i>Two Pacific Place Building</i>	516.3	486.0	511.4	516.6	516.6	516.6	568.3	568.3
Rental revenue (Baht million)								
<i>One Pacific Place Building</i>	70.19	76.79	91.08	84.47	84.47	84.47	92.91	7.74
<i>Two Pacific Place Building</i>	113.70	120.50	131.22	132.55	132.55	132.55	145.81	12.15

Cost of services

- Cost of building services (approximately 40% of total revenue) is a direct cost of building office services such as securities services, cleaning services, general building costs, common area electricity expense, general maintenance expense, and bank fee and services. It is assumed to grow at 3% per year.

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- Cost of electricity of tenant is 78.0% and 72% of electricity revenue of One Pacific Place Building and Two Pacific Place Building respectively
- Property tax is 8.0% of rental revenue

Selling and administrative expenses

- Historical advisory fee for operating office building for rent business with TPROP in 2012 – 2014 is 15.0% of total revenue. However, beginning 2015, PED has a contract with a new operator with management fee at 12.5% of total revenue.

- Based on above assumptions, PED performance projection is as follows:

Unit: Million Baht	2012A ^{1/}	2013A ^{1/}	2014A ^{1/}	2015F	2016F	2017F	2018F	2019F
No. of month (month)	12	12	12	12	12	12	12	1
Total revenue	218.1	231.0	262.1	254.3	255.3	256.1	278.8	23.3
Cost of services	(86.3)	(89.0)	(96.6)	(100.8)	(102.9)	(106.7)	(110.4)	(1.9)
Selling and administrative expenses	(59.7)	(45.2)	(39.3)	(32.1)	(32.3)	(32.4)	(35.3)	(3.0)
EBITDA	72.1	96.9	126.2	121.3	120.0	116.9	133.1	18.5

Remark : 1/ actual performance in 2012-2014 adjusted with extraordinary items to align with future projection

Discount rate

- Discount rate of PED's cash flow is determined as follows:
 - Location of buildings at CBD on Sukhumvit road and close to BTS. Average expected rate of return of investor on office building for rent is 6.0% - 8.0% as referred to 2014 summary of rate of return on real estate investment
 - Average rate of return on 4 - 5 year government bond is approximately 2.5%
 - Given long-term business with high occupancy rate, the discount rate for PED's cash flow is between 9.0% and 10.0%
 - Therefore, the discount rate for PED's cash flow is approximately 9.5%

- Since PED's leasehold right will expire on 31 January 2019 or in approximately 4 years 1 month (as of 31 December 2014), the valuation then takes into account only the sum of cash flow generated during those period and beginning cash flow (as of 31 December 2014)

- Therefore, projection and present value of future cash flow using Income Approach method under aforementioned assumptions are as follows:

Unit: Million Baht	2015F	2016F	2017F	2018F	2019F ^{2/}
Cash flow ^{1/}	121.3	120.0	116.9	133.1	18.5
Present value of cash flow	110.9	100.4	89.5	93.2	12.8

Remark : 1/ projection of cash flow of PED (or equivalent to EBITDA)

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2/ only one month of 2019 since leasehold right will expire on 31 January 2019

- Given cash in PED's projection is approximately Baht 39.1 million on 31 December 2014, present value of net cash flow as of 31 December 2014 is as follows:

	Unit: Million Baht
Sum of present value of cash flow	406.9
Add - cash and cash equivalent (preliminary Information from PED as of 31 December 2014)	39.1
Present value of PED	446.0

3) Assumption of the Target (GRAND) projection

- Main operating assets of GRAND are 4 hotels including 1) The Westin Grande Sukhumvit Bangkok 2) Sheraton Hua Hin Resort & Spa 3) Sheraton Hua Hin Pranburi Villas 4) Hyatt Regency Bangkok Sukhumvit (under construction with expected completion in 2017). The projection assumptions of each operating assets are as follows:

1. The Westin Grande Sukhumvit Bangkok (leasehold right until 2022)

Services revenue

- Occupancy rates in 2012 – 2014 are 75.2%, 76.9% and 58.1% respectively. In 2014, domestic political unrest and martial law reduced number of incoming tourists and businessman. Considering adjacent competitors and historical performance, projected occupancy rate is 70.0% throughout the projection period
- Average room rate in 2012 – 2014 is approximately Baht 3,813 per room per day. Projected 2015 average room rate is Baht 4,208 per room per day. An increase in average room rate is because there were instable situations in 2014 which had a negative impact on room rate. Considering 2013 average room rate at Baht 3,941 per day, average room rate in 2015 has increased 3% per year so the growth rate of average room rate throughout the projection period is 3% per year.
- Historical other revenues such as food and beverage, telephone, and other services in 2012 – 2014 are 53.5%, 50.5% and 51.4% to room revenue respectively. The projection of other revenues then consider average of the said historical proportion and set at 52.6% of room revenue throughout the projection period.

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F ^{2/}
No. of room (room)	364	362	362	362	362	362	362	362	362	362	362
Occupancy rate (%)	75.2	76.9	58.1	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0

(Translation)

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F ^{2/}
Average room rate (Baht/room/day)	3,754	3,941	3,746	4,208	4,334	4,464	4,598	4,736	4,878	5,024	5,175
Growth rate of average room rate (%)	2.3	5.0	(4.9)	12.3	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Proportion of other revenues to room revenue (food and beverage, telephone, and other services) (%)	53.5	50.5	51.4	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6

Remark : 1/ performance projection as of the day doing the projection

2/ projection until leasehold right expiration date on 16 April 2022

Cost of services

- Cost of service consists of employee expense, material cost, and supplies but not yet includes service expense, hotel operator fee, and common area expense which are included in selling and administrative expenses in the next section. Main assumptions of projection are as follows:
 - Direct cost of room services in 2012 – 2014 is 18.1%, 18.9%, and 19.5% of room revenue respectively. It is assumed to be approximately 19.5% of room revenue throughout the projection period.
 - Other services costs including cost of food and beverage, telephone, and other services are approximately 64.0%, 65.0%, and 69.2% of services revenue in 2012 – 2014 respectively. They are assumed to be approximately 68.6% of services revenue throughout the projection period.

Summary of services revenue and cost of services are as follows:

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F ^{1/}
Room revenue	374.8	400.3	356.2	389.2	400.8	412.9	425.2	438.0	451.1	464.7	137.7
Other revenues	200.5	199.8	200.1	204.7	210.8	217.2	223.7	230.4	237.3	244.4	72.4
Total revenue	575.3	600.1	556.4	593.9	611.7	630.0	648.9	668.4	688.4	709.1	210.1
Cost of room	(68.0)	(75.6)	(69.4)	(75.8)	(78.1)	(80.4)	(82.8)	(85.3)	(87.9)	(90.5)	(26.8)
Cost of other revenues	(128.4)	(130.0)	(138.4)	(140.4)	(144.6)	(148.9)	(153.4)	(158.0)	(162.7)	(167.6)	(49.7)
Total cost	(196.3)	(205.5)	(207.8)	(216.2)	(222.7)	(229.3)	(236.2)	(243.3)	(250.6)	(258.1)	(76.5)
Gross profit	379.0	394.6	348.6	377.7	389.0	400.7	412.7	425.1	437.8	451.0	133.6

Remark : 1/ projection until leasehold right expiration date on 16 April 2022

2. Sheraton Hua Hin Resort & Spa (freehold)

Services revenue

- Occupancy rates in 2012 – 2014 are 67.8%, 73.0% and 64.5% respectively. Considering adjacent competitors and historical performance, projected occupancy rate is 70.0% throughout the projection period

(Translation)

- Average room rate in 2012 – 2014 is approximately Baht 3,698 per room per day. Projected 2015 average room rate is Baht 3,970 per room per day which is 4.7% growth rate from 2014. The growth rate of average room rate throughout the projection period is 3% per year.
- Projection of others revenues such as food and beverage, telephone, and other services is based on its historical average proportion of room revenue. It is assumed to be 64.0% of room revenue throughout the projection period.

	2012A	2013A	2014A ^{1/}	2015F	2016F	2017F	2018F	2019F	2020F – 2033F
No. of room (room)	240	240	240	240	240	240	240	240	240
Occupancy rate (%)	67.8	73.0	64.5	70.0	70.0	70.0	70.0	70.0	70.0
Average room rate (Baht/room/day)	3,561	3,742	3,792	3,970	4,089	4,211	4,338	4,468	4,602 - 6,561
Growth rate of average room rate (%)	2.0	5.1	1.3	4.7	3.0	3.0	3.0	3.0	3.0
Proportion of other revenues to room revenue (food and beverage, telephone, and other services) (%)	66.1	62.1	56.7	64.0	64.0	64.0	64.0	64.0	64.0

Remark : 1/ performance projection as of the day doing the projection

Cost of services

- Cost of service consists of employee expense, material cost, and supplies but not yet includes service expense, hotel operator fee, and common area expense which are included in selling and administrative expenses in the next section. Main assumptions of projection are as follows:
 - Direct cost of room services in 2012 – 2014 is 18.6%, 18.9%, and 18.2% of room revenue respectively. It is assumed to be approximately 18.2% of room revenue throughout the projection period.
 - Other services costs including cost of food and beverage, telephone, and other services are approximately 63.9%, 61.9%, and 62.5% of services revenue in 2012 – 2014 respectively. They are assumed to be approximately 62.5% of services revenue throughout the projection period.

Summary of services revenue and cost of services are as follows:

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F
Room revenue	212.0	239.1	236.3	243.4	250.7	258.2	266.0	274.0	282.2	290.7	299.4
Other revenues	140.1	148.6	151.2	155.8	160.4	165.3	170.2	175.3	180.6	186.0	191.6
Total revenue	352.1	387.7	387.6	399.2	411.2	423.5	436.2	449.3	462.8	476.7	491.0
Cost of room	(39.4)	(45.2)	(42.9)	(44.2)	(45.5)	(46.9)	(48.3)	(49.7)	(51.2)	(46.5)	(47.9)
Cost of other	(89.5)	(91.9)	(94.5)	(97.4)	(100.3)	(103.3)	(106.4)	(109.6)	(112.9)	(116.3)	(119.7)

(Translation)

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F
revenues											
Total cost	(128.9)	(137.1)	(137.4)	(141.5)	(145.8)	(150.2)	(154.7)	(159.3)	(164.1)	(162.8)	(167.6)
Gross profit	223.2	250.5	250.1	257.6	265.4	273.3	281.5	290.0	298.7	313.9	323.3

	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F
Room revenue	308.4	317.6	327.1	337.0	347.1	357.5	368.2	379.2	390.6	402.3	414.4
Other revenues	197.3	203.2	209.3	215.6	222.1	228.7	235.6	242.7	250.0	257.5	265.2
Total revenue	505.7	520.9	536.5	552.6	569.1	586.2	603.8	621.9	640.6	659.8	679.6
Cost of room	(49.3)	(50.8)	(52.3)	(53.9)	(55.5)	(57.2)	(58.9)	(60.7)	(62.5)	(64.4)	(66.3)
Cost of other revenues	(123.3)	(127.0)	(130.8)	(134.8)	(138.8)	(143.0)	(147.3)	(151.7)	(156.2)	(160.9)	(165.7)
Total cost	(172.7)	(177.8)	(183.2)	(188.7)	(194.3)	(200.2)	(206.2)	(212.4)	(218.7)	(225.3)	(232.1)
Gross profit	333.0	343.0	353.3	363.9	374.8	386.0	397.6	409.6	421.8	434.5	447.5

3. Sheraton Hua Hin Pranburi Villas (leasehold right until 2032)

- The Target has made an investment in ordinary shares of Owendelle Company Limited (through Honor Business Company Limited) which has leasehold right on land and building of Six Senses Hideaway Hua Hin. After the said shares investment, the asset had been renovated and renamed to Sheraton Hua Hin Pranburi Villas, and reopened since 1 October 2013.
- Since there is no historical track record and the hotel is opened for only about one year, the revenue projection is based on projection of the Target from management interview and appropriate adjustment on conservative basis as follows:

Services revenue

- Considering historical performance in 2014, the performance is still low compared to the projection. However, the occupancy rate is expected to be higher after the marketing campaign becomes effective and the hotel is more well-known. The projected occupancy rate is 60.0% throughout the projection period.
- The projection of average room rate in 2014 is Baht 6,603.0 per room per day and increased to Baht 10,000 per room per day. Considering room rate in 2015 during low season, retail room rate is Baht 6,000 – 10,000 per room per day and becomes Baht 9,000 – 18,000 per room per day during high season, the projected average room rate of Baht 10,000 per room per day throughout the projection period is appropriate.
- Growth rate of average room rate is 3% per year (starting 2016)

(Translation)

- Projection of proportion of others revenues to room revenue is 52.6%, based on management interview and competitor with the same level.
- Projected net operating profit after deducting operating expenses and management fee is approximately 40.0%

	2014A ^{1/}	2015F	2016F	2017F	2018F	2019F	2020F – 2032 ^{1/}
No. of room (room)	53	53	53	53	53	53	53
Occupancy rate (%)	33.2	60.0	60.0	60.0	60.0	60.0	60.0
Average room rate (Baht/room/day)	6,603	10,000	10,300	10,609	10,927	11,255	11,593 - 16,528
Growth rate of average room rate (%)	-	-	3.0	3.0	3.0	3.0	3.0
Proportion of other revenues to room revenue (food and beverage, telephone, and other services) (%)	30.6	52.6	52.6	52.6	52.6	52.6	52.6

Remark : 1/ projection until leasehold right expiration date on 7 November 2032

Cost of services

- Cost of service consists of employee expense, material cost, and supplies but not yet includes service expense, hotel operator fee, and common area expense which are included in selling and administrative expenses in the next section. Main assumptions of projection are as follows:
 - Because the hotel is opened for its first whole year in 2014 and hence the performance may not yet reflect the long term figures, cost of services is assumed to be approximately 12.0% of room revenue, considering assumptions and management interview of the Target.
 - Since the hotel is 5-star villa type and the target group has ability to pay for higher price, there will be ability to set the price. Therefore, other services cost is assumed to be 54.3% of services revenue.
- Considering aforementioned assumptions, the performance projection is as follows:

	2014A ^{1/}	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F
Room revenue	78.5	116.1	119.6	123.1	126.8	130.6	134.6	138.6	142.8	147.0
Other revenues	41.2	61.0	62.8	64.7	66.7	68.7	70.7	72.8	75.0	77.3
Total revenue	119.7	177.1	182.4	187.9	193.5	199.3	205.3	211.4	217.8	224.3
Cost of room	(9.4)	(13.9)	(14.3)	(14.8)	(15.2)	(15.7)	(16.1)	(16.6)	(17.1)	(17.6)
Cost of other revenues	(22.4)	(33.1)	(34.1)	(35.1)	(36.2)	(37.3)	(38.4)	(39.5)	(40.7)	(41.9)
Total cost	(31.8)	(47.0)	(48.5)	(49.9)	(51.4)	(52.9)	(54.5)	(56.2)	(57.9)	(59.6)
Gross profit	87.9	130.0	133.9	138.0	142.1	146.4	150.7	155.3	159.9	164.7

(Translation)

	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F ^{2/}
Room revenue	151.4	156.0	160.7	165.5	170.5	175.6	180.8	186.3	163.5
Other revenues	79.6	82.0	84.4	87.0	89.6	92.3	95.0	97.9	85.9
Total revenue	231.0	238.0	245.1	252.5	260.0	267.8	275.9	284.1	249.4
Cost of room	(18.2)	(18.7)	(19.3)	(19.9)	(20.5)	(21.1)	(21.7)	(22.4)	(19.6)
Cost of other revenues	(43.2)	(44.5)	(45.8)	(47.2)	(48.6)	(50.1)	(51.6)	(53.1)	(46.6)
Total cost	(61.4)	(63.2)	(65.1)	(67.1)	(69.1)	(71.2)	(73.3)	(75.5)	(66.2)
Gross profit	169.7	174.8	180.0	185.4	191.0	196.7	202.6	208.7	183.1

Remark : 1/ performance projection as of the day doing the projection

2/ projection until leasehold right expiration date on 7 November 2032

4. Hyatt Regency Bangkok Sukhumvit

- The asset is under construction with expected completion and opening in the first quarter of 2017. There will be an increase in cost of real estate development in 2015 - 2017 approximately Baht 1,746.0 million as referred to independent appraisal report (Knight Frank Chartered (Thailand) Company Limited) of the asset.
- The cash flow projection of the asset is based on assumptions of independent appraisal report and peer comparison as follows:

	2017F	2018F	2019F	2020F	2021F	2022F	2023F - 2033F
No. of room (room)	273	273	273	273	273	273	273
Occupancy rate (%)	55.0	55.0	60.0	65.0	70.0	75.0	75.0
Average room rate (Baht/room/day)	4,500	4,860	5,103	5,358	5,626	5,795	5,969 - 8,021
Growth rate of average room rate (%)	-	8.0	5.0	5.0	5.0	3.0	3.0
Proportion of other revenues to room revenue (food and beverage, telephone, and other services) (%)	87.0	87.0	87.0	97.0	97.0	97.0	97.0
Room cost (%)	16.0	16.0	16.0	15.0	15.0	15.0	13.0 - 15.0
Other services cost (%)	48.0	48.0	48.0	48.0	46.1	46.1	46.1

- Revenue projection from aforementioned assumptions is as follows:

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F
Room revenue						223.0	266.4	305.1	347.0	392.4	433.1
Other revenues						194.0	231.7	265.4	301.9	380.7	420.1
Total revenue						417.0	498.1	570.5	649.0	773.1	853.1
Cost of room						(35.7)	(42.6)	(48.8)	(52.1)	(58.9)	(65.0)
Cost of other						(100.9)	(120.5)	(138.1)	(157.0)	(205.0)	(226.3)

(Translation)

	2012A	2013A	2014A	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F
revenues											
Total cost						(136.6)	(163.1)	(186.9)	(209.1)	(263.9)	(291.2)
Gross profit						280.4	334.9	383.7	439.9	509.2	561.9

	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F
Room revenue	446.1	459.4	473.2	487.4	502.0	517.1	532.6	548.6	565.1	582.0	599.5
Other revenues	432.7	445.7	459.0	472.8	487.0	501.6	516.6	532.1	548.1	564.5	581.5
Total revenue	878.7	905.1	932.3	960.2	989.0	1,018.7	1,049.3	1,080.7	1,113.2	1,146.6	1,181.0
Cost of room	(66.9)	(78.1)	(80.4)	(82.9)	(85.3)	(87.9)	(90.5)	(93.3)	(96.1)	(98.9)	(101.9)
Cost of other revenues	(233.1)	(240.1)	(247.3)	(254.7)	(262.3)	(270.2)	(278.3)	(286.6)	(295.2)	(304.1)	(313.2)
Total cost	(300.0)	(318.2)	(327.7)	(337.5)	(347.7)	(358.1)	(368.8)	(379.9)	(391.3)	(403.0)	(415.1)
Gross profit	578.8	586.9	604.5	622.7	641.4	660.6	680.4	700.8	721.9	743.5	765.8

5. Revenue from sale of real estate

- Revenue from sale of real estate and other operating assets such as real estate for sale (condominium) The Hyde project and other projects such as The Trendy project and Hua Hin Blue Lagoon project. As of the time doing the projection and sale plan of the project, they are expected to transfer to clients within 2015 with projected revenue from sale of real estate approximately Baht 2,200.00 million and cost of real estate development approximately 59.0% (or equivalent to gross profit margin from selling real estate of approximately 41.0%)
- In addition, based on projection of the Target, it will develop real estate for sale (condominium) in The Hyde II project located at Sukhumvit 11. However, at the time doing the projection, the said project was under pre-sale process and not yet constructed. From additional inquiry of the Target, the said project is under accumulating booking amount to meet the target (approximately 50% of the project value or Baht 2,000 million) to follow the condition of project finance contract. Therefore, under the said situation and depressed real estate market, the project may be postponed from slowly filled booking amount.
- Therefore, in developing the projection of the Target, the Preparer of the Tender Offer has an opinion that the said project still requires a lot of capital to develop and may not be able to make a stable projection of future cash flow. Therefore, the said project value is then assumed to be equal to the market value of land of the project which is owned by the Target and is valued at Baht 862.2 million by independent appraiser.

6. Selling and administrative expenses

(Translation)

- Administrative expense is related to hotel operation and common area management, including wage and employee expense, common area and management expense, hotel license fee, fees, insurance premium, and taxes. In the past, historical administrative expense is approximately 50% - 58% of hotel revenue. However, after an acquisition and opening of Sheraton Hua Hin Pranburi Villas, the use of pooled human resources between Sheraton Hua Hin Pranburi Villas and Sheraton Hua Hin Resort & Spa promotes the economies of scale of management team and operating officers. Therefore, administrative expense is reduced to 40% of hotel revenue.
- In 2013 and 2014, selling expense increased from transferring/selling real estate (condominium) of the Target. However, in 2015, the revenue projection from selling additional real estate is Baht 2,200 million with selling expense of 5.0% of revenue from selling real estate (most are fees and taxes from transferring real estate).
- Growth rate in selling expense is 3% aligned with inflation rate and an increase in room rate
- Below is summary of selling and administrative expenses and their proportion to operating revenues such as revenue from hotel and revenue from selling real estate. In 2014 – 2015, selling and administrative expenses are low at 16.8% and 22.7% due to higher proportion of revenue from selling real estate as reflected in higher selling expense.

Unit: Million Baht	2012A	2013A	2014A	2015F	2016F	2017F
Selling expense	224.4	155.3	334.6	218.9	112.2	136.4
Administrative expense	461.5	530.0	482.1	547.2	466.6	555.7
Selling and administrative expenses	686.0	685.2	816.8	766.1	578.8	692.0

Unit: Million Baht	2018F	2019F	2020F	2021F	2022F	2023F
Selling expense	143.9	151.1	158.7	168.7	121.1	101.6
Administrative expense	584.5	609.8	636.7	661.0	529.8	473.7
Selling and administrative expenses	728.4	760.9	795.4	829.7	650.8	575.2

Unit: Million Baht	2024F	2025F	2026F	2027F	2028F	2029F
Selling expense	104.6	107.8	111.0	114.3	117.8	121.3
Administrative expense	483.9	494.8	506.1	517.6	529.5	541.6
Selling and administrative expenses	588.5	602.6	617.1	632.0	647.2	662.9

Unit: Million Baht	2030F	2031F	2032F	2033F
Selling expense	124.9	128.7	132.6	120.2
Administrative expense	554.1	566.9	575.0	511.2
Selling and administrative expenses	679.0	695.6	707.5	631.4

(Translation)

7. Financial cost

- The Target has financial cost including interest paid to related party and to unrelated party and long term bank loan with average annual interest rate of approximately 3.0 – 7.5%.

8. Corporate income tax

- Corporate income tax is assumed to be 20% throughout the projection period.

9. Current asset turnover and current liability turnover

- Considering historical information in 2012 – 2014 and appropriateness,
Average trade account receivable is approximately 80 days
Average trade account payable is approximately 110 days

10. Capital Expenditure: CAPEX

- The projection of CAPEX of Hyatt Regency Bangkok Sukhumvit is in total Baht 1,746.0 million. It is used during in 2015 – 2017 in an amount of Baht 807.0 million, Baht 600.0 million, and Baht 339.0 million respectively.
- Maintenance expenses for the hotels asset are approximately 1.0% of hotel revenue per year

- Summary of the Target's projection from aforementioned assumptions of currently operating hotels is as follows:

Unit: Million Baht	2012A	2013A	2014A	2015F	2016F	2017F
Revenue from hotel business	908.9	997.4	824.6	1,170.1	1,205.2	1,658.3
Revenue from selling real estate	29.3	209.5	4,043.7	2,200.0	-	-
Gross profit from hotel business ^{1/}	583.7	630.7	487.0	765.4	788.3	1,092.4
Gross profit from selling real estate	(0.2)	57.6	1,440.7	906.2	-	-
Selling and administrative expense	(686.0)	(685.2)	(816.8)	(766.1)	(578.8)	(692.0)
EBITDA ^{2/}	(47.0)	96.2	1,170.4	979.8	283.8	474.6

Unit: Million Baht	2018F	2019F	2020F	2021F	2022F	2023F
Revenue from hotel business	1,776.7	1,887.5	2,005.5	2,170.3	1,772.0	1,608.7
Revenue from selling real estate	-	-	-	-	-	-
Gross profit from hotel business ^{1/}	1,171.3	1,245.1	1,327.1	1,429.3	1,178.8	1,076.5
Gross profit from selling real estate	-	-	-	-	-	-
Selling and administrative expense	(728.4)	(760.9)	(795.4)	(829.7)	(650.8)	(575.2)
EBITDA ^{2/}	517.2	558.5	606.1	673.9	602.3	575.6

Unit: Million Baht	2024F	2025F	2026F	2027F	2028F	2029F
Revenue from hotel business	1,657.0	1,706.7	1,757.9	1,810.6	1,865.0	1,920.9

(Translation)

Unit: Million Baht	2024F	2025F	2026F	2027F	2028F	2029F
Revenue from selling real estate	-	-	-	-	-	-
Gross profit from hotel business ^{1/}	1,099.6	1,132.6	1,166.6	1,201.6	1,237.6	1,274.7
Gross profit from selling real estate	-	-	-	-	-	-
Selling and administrative expense	(588.5)	(602.6)	(617.1)	(632.0)	(647.2)	(662.9)
EBITDA ^{2/}	585.4	604.3	623.8	643.9	664.7	686.1

Unit: Million Baht	2030F	2031F	2032F	2033F
Revenue from hotel business	1,978.5	2,037.9	2,055.7	1,860.5
Revenue from selling real estate	-	-	-	-
Gross profit from hotel business ^{1/}	1,313.0	1,352.4	1,361.1	1,213.4
Gross profit from selling real estate	-	-	-	-
Selling and administrative expense	(679.0)	(695.6)	(707.5)	(631.4)
EBITDA ^{2/}	708.3	731.1	727.9	656.2

Remark : 1/ Gross profit after deducting direct cost of hotel business

2/ Earnings before interest, taxes, depreciation and amortization after including other revenues such as rent and interest income from other than normal hotel business operation approximately Baht 74.3 million a year (historical average of other revenues of the Target)

Growth rate of free cash flow after the projection period

- Given conservative basis, the growth rate of free cash flow after the projection period is assumed to be 0% per year

Discount Rate

- Discount rate to calculate present value of free cash flow is Weighted Average Cost of Capital: WACC which is a weighted average of cost of debt (K_d) and cost of equity (K_e) as follows:

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

whereby

$$K_e = \text{Cost of equity or shareholders' required rate of return} \\ (R_e)$$

$$K_d = \text{Cost of debt or loan interest rate of the Target}$$

$$T = \text{Corporate income tax rate}$$

$$E = \text{Total shareholders' equity}$$

$$D = \text{Interest-bearing debt}$$

- Cost of equity (K_e) or shareholders' required rate of return (R_e) is calculated from Capital Asset Pricing Model (CAPM) as follows:

(Translation)

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

whereby

Risk Free Rate (Rf) = Based on 30-year government bond yield (December 2014) at 3.86% which is long-term and appropriate government bond yield, assuming going concern operation

Beta (β) = 0.58 – 0.87 times, based on unlevered beta (average weekly 2-year historical data until 31 December 2014 from Bloomberg) of peer comparables including the Erawan Group PCL, Laguna Resorts & Hotels PCL and Central Plaza Hotel PCL and adjusted with interest-bearing debt to equity ratio of the Target

Market Return (R_m) = Average 7-year historical rate of return on SET from 2007 – 2014 which is equal to 18.67%. The said period is likely to include volatility of market in the past (both global economic crisis in 2008 and Thailand's political crisis in 2011 and 2014) and therefore considered to be appropriate representative of market rate of return

K_d = Projected borrowing rate at approximately 6.50% per year based on current average financial cost of the Target

D/E Ratio = Average interest-bearing debt to equity ratio at 0.06 – 0.08 times which is equal to average interest-bearing debt to equity ratio of the Target throughout the projection period

T = Estimated corporate income tax rate at 20% per year

- Calculated WACC is 14.91% per year

- Projection of the Target's free cash flow and present value of free cash flow given aforementioned assumptions can be summarized as follows:

Unit: Million Baht	2015F	2016F	2017F	2018F	2019F	2020F	2021F	2022F	2023F
Cash flow from operation ^{1/}	823.3	270.8	426.0	460.4	493.8	532.3	587.0	529.2	507.8
Change in operating assets and liabilities	1,246.2	(60.7)	(27.0)	(4.9)	(5.0)	(6.3)	(9.7)	(4.5)	(2.6)
CAPEX	(818.7)	(612.1)	(355.6)	(17.8)	(18.9)	(20.1)	(21.7)	(17.7)	(16.1)
Free Cash Flow to Firm (FCFF)	1,250.7	(402.0)	43.5	437.8	469.9	506.0	555.6	507.0	489.1
Present value of FCFF	1,088.5	(294.6)	28.6	251.1	234.6	219.8	210.0	166.8	140.0

(Translation)

Unit: Million Baht	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F
Cash flow from operation ^{1/}	515.3	530.6	546.3	562.4	579.0	596.2	613.9	632.1	629.6
Change in operating assets and liabilities	(0.1)	(2.4)	(2.4)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)	2.0
CAPEX	(16.6)	(17.1)	(17.6)	(18.1)	(18.6)	(19.2)	(19.8)	(20.4)	(20.6)
Free Cash Flow to Firm (FCFF)	498.7	511.1	526.2	541.8	557.8	574.3	591.3	608.9	611.1
Present value of FCFF	124.2	110.8	99.3	89.0	79.7	71.4	64.0	57.3	50.1

Unit: Million Baht	2033F	Terminal Value
Cash flow from operation ^{1/}	572.4	
Change in operating assets and liabilities	7.8	
CAPEX	(18.6)	
Free Cash Flow to Firm (FCFF)	561.5	
Present value of FCFF	40.0	233.7

Remark : 1/ Calculated from EBIT adjusted for corporate income tax and depreciation and amortization

- Present value of the Target as of 31 December 2014 is summarized as follows:

	Unit: Million Baht
Sum of present value of FCFF	3,054.5
Add - cash and cash equivalent	238.1
Add – Hyde II project	862.2
<u>Less</u> – outstanding debts	(1,753.3)
Present value of the Target	2,401.5