

(Translation)

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

of



GRANDE ASSET
HOTELS & PROPERTY

Grande Asset Hotels & Property Public Company Limited

The Offeror:

PROPERTY PERFECT

Property Perfect Public Company Limited

The Independent Financial Advisor of Securities Holders:

SageCapital

Sage Capital Limited

June 24, 2015

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Opinion of the Company on the Tender Offer for Securities

June 24, 2015

To Securities Holders of Grande Asset Hotels & Property Public Company Limited

On June 16, 2015, Grande Asset Hotels & Property Public Company Limited (hereinafter referred to as “the Company” or “GRAND”) received a copy of the tender offer proposal to purchase securities (“Form 247-4”) from Property Perfect Public Company Limited (hereinafter referred to as “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	2,889,039,237	2,889,039,237	100.00	100.00	1.29	3,726,860,615.73
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
			Total	100.00	Total	3,726,860,615.73

The tender offer period is a total of 25 business days from June 17, 2015 to July 22, 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:

- 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 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 June 16, 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 Background

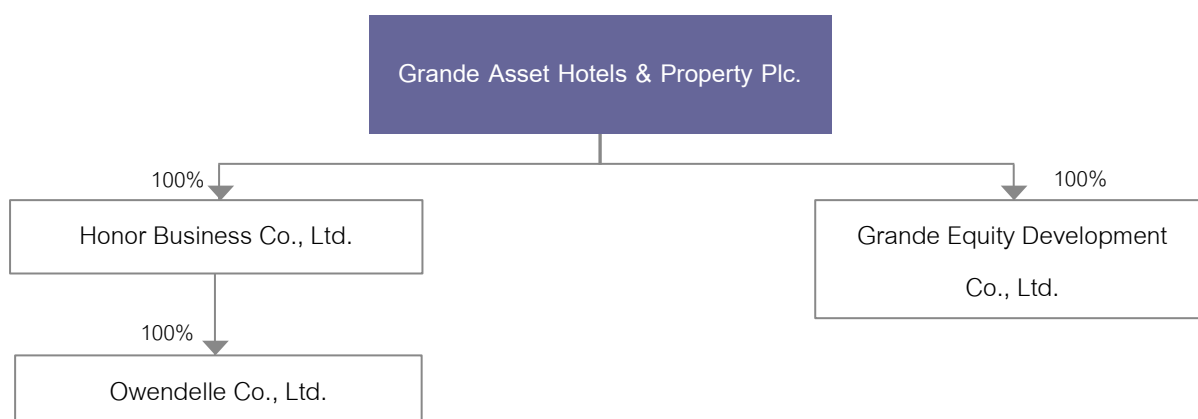
Grande Asset Hotels & Property Plc. (“the Company” or “GRAND”) was incorporated on April 21, 1988 in the name of “Sukhumvit Center Co., Ltd.” to engage in a hotel business. Later renamed P.S. Development Group of Companies Ltd., the Company was registered as a public company on July 7, 2003. Its current major shareholders are Thai Property Plc. (“TPROP”) and Metro Premier Holding Co., Ltd. which is a subsidiary of TPROP, altogether holding 40.62% of the Company’s total paid-up shares.

The Company has primarily engaged in real estate development business and hotel business. Its real estate development business consists of residential property, office space and retail space, both high-rise and low-rise projects, including the Trendy Condominium, Hua Hin Blue Lagoon Resort, Hyde Sukhumvit Condominium and Hyde Sukhumvit 11 Condominium. The Company focuses on property development in Bangkok’s CBD areas and tourist destination areas in the provinces. The type of project to be developed is decided based on nature and location of the property being acquired such as size of land, location, nature of surrounding community, and relevant legal restrictions.

As regards the hotel business, the Company has commissioned hotel management companies with strong track records and global networks to undertake the management of its hotels, namely Starwood Hotels & Resorts Worldwide, Inc. which manages the Westin Grande Sukhumvit Hotel, Sheraton Hua Hin Resort & Spa Hotel, and Sheraton Hua Hin Pranburi Villas; and Hyatt International Corporation which will operate Hyatt Regency Bangkok Sukhumvit Hotel after completion of the hotel construction.

The Company currently has a registered capital of Baht 2,889,040,000, divided into 2,889,040,000 ordinary shares with a registered par value of Baht 1 per share, and a paid-up capital of Baht 2,889,039,237.

1.1.2 Structure of the group



Profile of subsidiaries and related companies

Company name	Nature of business	Registered capital (Baht million)	Paid-up capital (Baht million)	Shareholding proportion (%)
Grande Equity Development Co., Ltd.	Hotel and real estate development	250.00	250.00	100.00
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
Owendelle Co., Ltd.	Hotel business with the ownership of leasehold right of land and buildings of Sheraton Hua Hin Pranburi Villas	280.00	280.00	100.00 ¹

Note: 1 Share is held by Honor Business Co., Ltd.

1.1.3 Business overview

The Company is a developer of residential property, office space and retail space, both high rise and low rise, in Bangkok's CBD areas and tourist destination areas in the provinces. It also operates hotel business by investing in new project development or acquiring other existing hotels and hiring world-class hotel chains to undertake the hotel management, including Starwood Hotels & Resorts Worldwide, Inc. and Hyatt International Corporation. Details of all projects are as follows:

(1) Hotel business

The Company has three hotels already under operation and one hotel still under construction, as follows:

Hotel name	Status	Location	Type of hotel	No. of floors	No. of guestrooms	Average occupancy rate
The Westin Grande Sukhumvit Hotel	Already in operation	At the entrance of Soi Sukhumvit 19, Bangkok	Five-star hotel	25	362	58%
Sheraton Hua Hin Resort & Spa Hotel	Already in operation	Cha-am, Phetchaburi	Five-star hotel	2	240	64%
Sheraton Hua Hin Pranburi Villas	Already in operation	Pran Buri, Prachuap Khiri Khan	Five-star hotel	1	53 pool villas	33%
Hyatt Regency Bangkok Sukhumvit Hotel	Under construction	At the entrance of Soi Sukhumvit 13, Bangkok	Four-star hotel	28	Approx. 273	N/A

(2) Real estate development business

The Company has four projects under sales and/or development process, as follows:

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

1.2 Revenue structure

	2012		2013		2014		3M ended Mar 31, 15	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Revenues from hotel operations	908.90	91.46	997.42	68.88	824.60	16.73	277.04	84.58
Revenues from sales of real estate	29.31	2.95	209.52	14.47	4,043.68	82.06	35.04	10.70
Excess of interest in the net fair value of subsidiary over purchase cost	-	-	147.92	10.22	-	-	-	-
Rental income	18.38	1.85	19.11	1.32	18.06	0.37	8.74	2.67
Other income	37.14	3.74	73.99	5.11	41.31	0.84	6.73	2.06
Total	993.72	100.00	1,447.96	100.00	4,927.64	100.00	327.56	100.00

1.3 Industry outlook

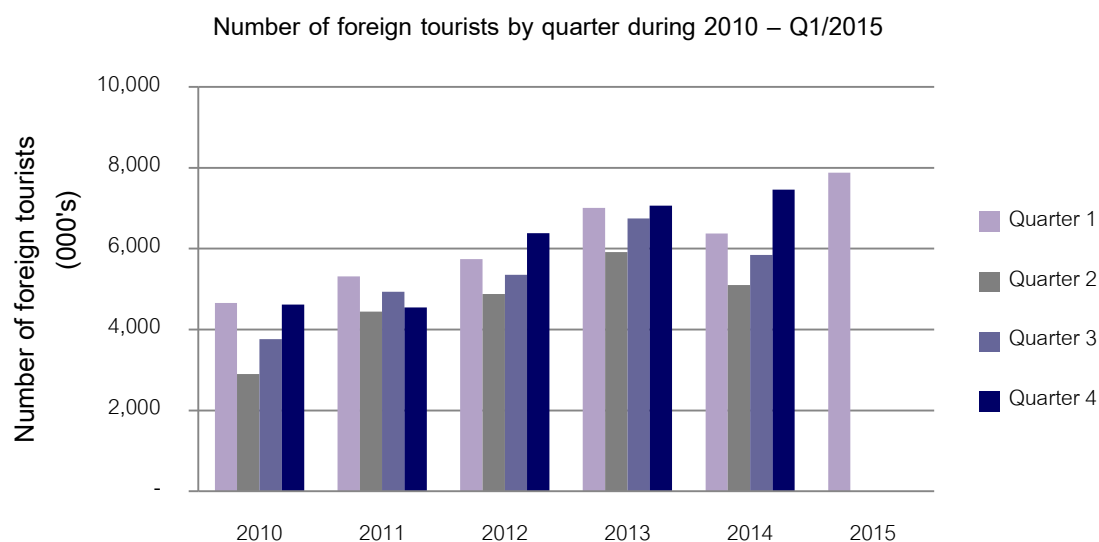
1.3.1 Hotel and tourism business

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%. The highest number of international tourists to Thailand was from China, accounting for roughly 18.66% of the total number of foreign tourists visiting Thailand in 2014. In Q1/2015, however, number of foreign tourists reached 7.88 million persons, growing healthily by 23.54% from the same period of 2014. Number of Chinese visitors in such quarter soared by 96.11% from the corresponding period of 2014 and still ranked first, making up 25.82% of the total number of international visitors to Thailand in Q1/2015. The total number of foreign tourist arrivals in Thailand in 2014 and Q1/2015 can be tabulated below:

	2014		Q1/2015	
	No. of tourists	Y-o-y change	No. of tourists	Y-o-y change
Chinese	4,623,806	-0.29%	2,033,495	96.11%
Malaysian	2,644,052	-13.06%	890,164	70.87%
Korean	1,117,449	-13.73%	374,808	18.71%
Japanese	1,265,307	-17.65%	368,415	17.11%
Russian	1,603,813	-8.17%	323,552	-53.77%
German	717,631	-2.71%	257,157	7.19%
British	909,335	0.48%	246,579	2.18%
Laotian	934,253	-4.34%	234,863	4.57%

	2014		Q1/2015	
	No. of tourists	Y-o-y change	No. of tourists	Y-o-y change
French	632,242	3.38%	231,370	6.97%
Indian	946,269	-9.96%	231,012	13.73%
Others	9,385,611	-6.22%	2,685,311	13.66%
Total	24,779,768	-6.66%	7,876,726	23.54%

Source: Department of Tourism

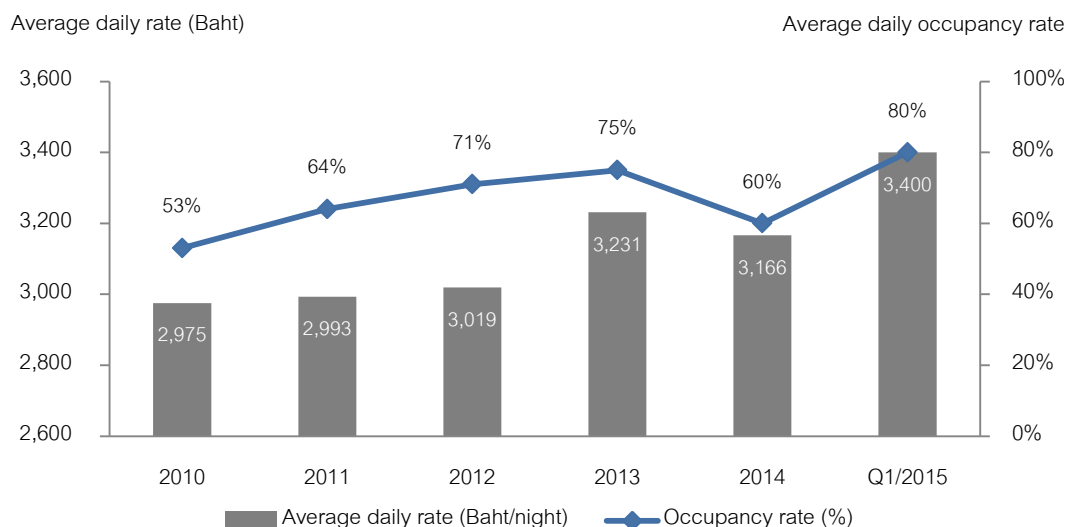


Source: Bank of Thailand

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 Q4/2011 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, 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 rise. 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 seizure of administrative power by the military, before rebounding in Q1/2015.

Average daily rate (ADR) of all hotel grades in Bangkok



Source: CBRE Research

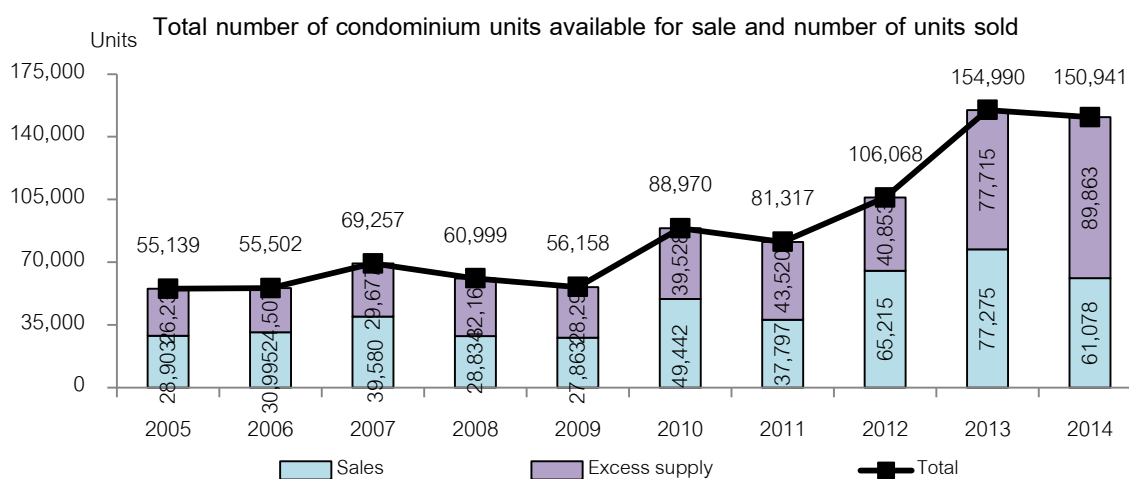
Based on the Bank of Thailand's business outlook report, the tourism business in 2014 continuously shrank in quarter 2 and quarter 3 after the promulgation of the martial law and the military's seizure of administrative power which prompted many countries to raise their Thailand travel alert. The number 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 packages. 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 Q4/2014 and Q1/2015, tourism business was on the improving trend, proven by a growing number of tourist arrivals after many countries gradually relaxed their travel warning to Thailand. Moreover, the said quarters were in winter (high season) and the foreign tourists began to better 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.

1.3.2 Real estate development business

Real estate market in the second half of 2014 remained affected by various risk factors prevailing 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.

Vertical real estate projects



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 offered for sale, at approximately 31%, followed by Thon Buri and Sukhumvit areas at 26% and 9% respectively. The shrinkage in number of units offered for sale was 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 the highest number 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 preceding year.

Real estate business outlook

The economic slowdown and rising household debts led to a sluggish real estate market in Q1/2015. It has been found that many developers are shifting their focus more towards the upscale market in the city center areas, believing that the target groups in these areas are less affected by the economic condition and still have high purchasing powers. CBRE Real Estate Information Center reported a 143% surge in number of condominium units in the city center zones in Q1/2015 versus the same period of 2014 and a 43% decline in number of condominium units launched in the suburban areas.

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's 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 shareholder register book as of May 28, 2015, which is the latest register book closing date, are as follows:

Name	As of May 28, 2015	
	No. of shares	%
1. Metro Premier Holding Co., Ltd.	1,026,558,657	35.53
2. Citynet Asia Ltd.	206,850,000	7.16
3. Thai Property Plc.	147,000,000	5.09
4. Miss Saranya Chaichutaporn	91,023,800	3.15
5. Mr. Suradej Narula	66,580,824	2.30
6. Thai NVDR Co., Ltd.	62,963,338	2.18
7. Mr. Tawee Anantarattana	52,283,490	1.81
8. Mr. Theeratat Poolkasame	43,424,115	1.50
9. Mr. Vileard Wongapisumpho	42,600,705	1.47
10. Mr. Warin Narula	31,571,966	1.09
11. Others	1,118,182,342	38.70
Total	2,889,039,237	100.00

Source: List of shareholders of the Company

1.5 Board of Directors

The Board of Directors of the Company as of June 24, 2015 consisted of 11 members as follows:

Name	Position
1. Mr. Watcharakiti Watcharothai	Chairman of the Board of Directors
2. Mr. Wichai Thongtang	Chairman of the Board of Executive Directors/Director
3. Dr. Bhichit Rattakul	Director
4. Mr. Chainid Adhyanasakul	Director
5. Mr. Suradej Narula	Director

Name	Position
6. Mr. Amarin Narula	Director
7. Miss Wilawun Leongnarkongdee	Director
8. Mrs. Phornsiri Manoharn	Independent Director
9. Mr. Pornchai Kittipanyangam	Independent Director/Chairman of the Audit Committee
10. Mr. Wattana Sutthipinittham	Independent Director/Audit Committee Member
11. Mr. Amarit Pansiri	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, 2012 - 2014 and March 31, 2015:

Statements of financial position	2012		2013		2014		Mar 31, 2015	
	(Restated)		(Restated)		(Audited)		(Reviewed)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Assets								
Current assets								
Cash and cash equivalents	97.46	1.38	227.20	2.88	238.08	4.31	268.23	4.78
Trade and other receivables	57.37	0.81	139.60	1.77	51.97	0.94	46.59	0.83
Receivable from the Revenue Department	60.80	0.86	81.95	1.04	39.42	0.71	39.05	0.70
Inventories	7.65	0.11	14.25	0.18	6.81	0.12	6.76	0.12
Cost of real estate development	1,667.21	23.60	2,858.76	36.24	1,293.84	23.40	1,308.93	23.30
Other current assets	202.54	2.87	120.24	1.52	45.95	0.83	108.39	1.93
Non-current assets held for sale	-	-	173.30	2.20	-	-	-	-
Total current assets	2,093.03	29.62	3,615.31	45.83	1,676.07	30.32	1,777.95	31.65
Non-current assets								-
Pledged and restricted withdrawal bank deposits	429.22	6.07	424.48	5.38	40.33	0.73	35.00	0.62
Deposits for acquisition of assets	-	-	100.00	1.27	-	-	-	-
Investment properties	56.70	0.80	50.60	0.64	44.49	0.80	42.87	0.76
Property, plant and equipment	4,268.18	60.41	3,075.12	38.98	3,300.23	59.69	3,306.04	58.86
Intangible assets - Computer software	19.08	0.27	29.90	0.38	31.67	0.57	30.79	0.55
Compensation guarantee	68.00	0.96	53.00	0.67	46.00	0.83	43.00	0.77
Leasehold rights	27.18	0.38	381.03	4.83	358.29	6.48	352.18	6.27
Deferred tax assets	91.40	1.29	149.00	1.89	22.98	0.42	21.37	0.38
Other non-current assets	12.95	0.18	10.23	0.13	8.48	0.15	7.85	0.14
Total non-current assets	4,972.71	70.38	4,273.35	54.17	3,852.47	69.68	3,839.09	68.35
Total assets	7,065.74	100.00	7,888.66	100.00	5,528.54	100.00	5,617.04	100.00
Liabilities and shareholders' equity								
Current liabilities								
Short-term loan from financial institution	-	-	-	-	200.00	3.62	200.00	3.56
Trade and other payables	508.29	7.19	470.72	5.97	223.51	4.04	191.87	3.42
Bills of exchange payable	-	-	-	-	-	-	196.71	3.50
Short-term loans from related parties and interest payable	180.66	2.56	157.80	2.00	157.80	2.85	161.30	2.87
Short-term loan from unrelated party	500.00	7.08	500.00	6.34	500.00	9.04	500.00	8.90

Statements of financial position	2012		2013		2014		Mar 31, 2015	
	(Restated)		(Restated)		(Audited)		(Reviewed)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Long-term loans from financial institutions - current portion	1,756.08	24.85	49.40	0.63	60.00	1.09	65.90	1.17
Income tax payable	-	-	-	-	22.21	0.40	22.21	0.40
Deposits received	712.01	10.08	1,176.05	14.91	88.07	1.59	92.68	1.65
Provision for interest in net asset value of subsidiary over purchase cost	-	-	-	-	-	-	-	-
Other current liabilities	122.18	1.73	177.30	2.25	112.27	2.03	91.46	1.63
Total current liabilities	3,779.22	53.49	2,531.26	32.09	1,363.86	24.67	1,522.13	27.10
Non-current liabilities								
Long-term loans from financial institutions - net of current portion	718.92	10.17	2,782.58	35.27	993.25	17.97	942.76	16.78
Unearned leasehold rights	82.58	1.17	75.18	0.95	63.28	1.14	64.02	1.14
Provision for long-term employee benefits	33.09	0.47	41.67	0.53	48.05	0.87	50.10	0.89
Deferred tax liabilities	-	-	19.04	0.24	18.03	0.33	17.77	0.32
Other non-current liabilities	8.03	0.11	8.71	0.11	9.84	0.18	9.17	0.16
Total non-current liabilities	842.62	11.93	2,927.18	37.11	1,132.45	20.48	1,083.83	19.30
Total liabilities	4,621.84	65.41	5,458.45	69.19	2,496.31	45.15	2,605.96	46.39
Shareholders' equity								
Share capital								
Registered capital	3,001.47	42.48	3,065.00	38.85	2,751.47	49.77	2,751.47	48.98
Issued and fully paid capital	2,751.47	38.94	2,751.47	34.88	2,751.47	49.77	2,751.47	48.98
Premium on ordinary shares	717.50	10.15	717.50	9.10	-	-	-	-
Retained earnings								
Appropriated - statutory reserve	-	-	-	-	27.80	0.50	27.80	0.49
Unappropriated (deficit)	(1,025.07)	(14.51)	(1,038.75)	(13.17)	252.96	4.58	231.81	4.13
Total shareholders' equity	2,443.90	34.59	2,430.21	30.81	3,032.23	54.85	3,011.08	53.61
Total liabilities and shareholders' equity	7,065.74	100.00	7,888.66	100.00	5,528.54	100.00	5,617.04	100.00

Table illustrating the statements of comprehensive income for the years ended December 31, 2012 – 2014 and the three-month period ended March 31, 2015:

Statements of comprehensive income	2012		2013		2014		3M/2015	
	(Restated)		(Restated)		(Audited)		(Reviewed)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Revenues								
Revenues from hotel operations	908.90	91.46	997.42	68.88	824.60	16.73	277.04	84.58
Revenues from sales of real estate	29.31	2.95	209.52	14.47	4,043.68	82.06	35.04	10.70
Excess of interest in the net fair value of	-	-	147.92	10.22	-	-	-	-

Statements of comprehensive income	2012		2013		2014		3M/2015	
	(Restated)		(Restated)		(Audited)		(Reviewed)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
subsidiary over purchase cost								
Rental income	18.38	1.85	19.11	1.32	18.06	0.37	8.74	2.67
Interest income	6.62	0.67	3.11	0.21	1.80	0.04	0.01	0.00
Other income	30.51	3.07	70.88	4.90	39.51	0.80	6.72	2.05
Total revenues	993.72	100.00	1,447.96	100.00	4,927.64	100.00	327.56	100.00
Expenses								
Cost of hotel operations	325.21	32.73	366.68	25.32	337.58	6.85	92.05	28.10
Cost of sales of real estate	29.54	2.97	151.94	10.49	2,602.93	52.82	17.98	5.49
Selling expenses	224.43	22.58	155.27	10.72	334.61	6.79	38.32	11.70
Administrative expenses	461.53	46.44	533.90	36.87	482.14	9.78	120.49	36.78
Depreciation and amortization	187.89	18.91	176.06	12.16	204.42	4.15	55.77	17.02
Total expenses	1,228.60	123.64	1,383.85	95.57	3,961.68	80.40	324.61	99.10
Profit (Loss) before finance cost and income tax	(234.88)	(23.64)	64.11	4.43	965.96	19.60	2.95	0.90
Finance cost	(178.82)	(18.00)	(134.83)	(9.31)	(169.55)	(3.44)	(22.73)	(6.94)
Profit (Loss) before income tax	(413.70)	(41.63)	(70.72)	(4.88)	796.41	16.16	(19.78)	(6.04)
Income tax	35.88	3.61	57.04	3.94	(194.40)	(3.95)	(1.36)	(0.42)
Profit (Loss) for the year	(377.82)	(38.02)	(13.68)	(0.94)	602.01	12.22	(21.15)	(6.46)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	(377.82)	(38.02)	(13.68)	(0.94)	602.01	12.22	(21.15)	(6.46)
Total comprehensive income attributable to:								
Equity holders of the Company	(377.82)	(38.02)	(13.68)	(0.94)	602.01	12.22	(21.15)	(6.46)
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-
	(377.82)	(38.02)	(13.68)	(0.94)	602.01	12.22	(21.15)	(6.46)
Earnings per share								
Basic earnings per share								
Profit (Loss) attributable to equity holders of the Company	(0.14)		(0.01)		0.22		(0.01)	

Table illustrating the statements of cash flow for the years ended December 31, 2012 – 2014 and the three-month period ended March 31, 2015:

Statements of cash flow	2012	2013	2014	3M/2015
(Unit: Baht million)	(Restated)	(Restated)	(Audited)	(Reviewed)
Net cash flow provided from (used in) operating activities	98.69	(634.01)	1,770.50	(34.48)
Net cash flow provided from (used in) investing activities	(110.50)	686.75	(12.78)	(45.23)
Net cash flow provided from (used in) financing activities	0.69	77.01	(1,746.85)	109.86

Statements of cash flow	2012	2013	2014	3M/2015
(Unit: Baht million)	(Restated)	(Restated)	(Audited)	(Reviewed)
Net increase in cash and cash equivalents	(11.12)	129.75	10.88	30.15
Cash and cash equivalents as at January 1	108.58	97.46	227.20	238.08
Cash and cash equivalents at end of period	97.46	227.20	238.08	268.23

1.6.2 Financial ratios

Financial ratios	2012	2013	2014	3M/2015
(Unit: Baht million)	(Restated)	(Restated)	(Audited)	(Reviewed)
<u>Liquidity ratios</u>				
Current ratio (time)	0.55	1.43	1.23	1.17
Quick ratio (time)	0.04	0.14	0.21	0.21
Cash flow liquidity ratio (time)	0.04	(0.20)	0.91	(0.10)
Accounts receivable turnover ratio ¹ (time)	19.25	12.16	49.90	25.12
Average collection period (day)	18.70	29.61	7.21	14.33
Inventory turnover ratio (time)	43.99	47.37	279.23	64.85
Average age of inventory (day)	8.18	7.60	1.29	5.55
Accounts payable turnover ratio ² (time)	2.16	2.45	22.68	7.87
Average payment period (day)	166.41	147.20	15.87	45.74
Cash cycle (day)	(139.52)	(110.00)	(7.37)	(25.86)
<u>Profitability ratios</u>				
Gross profit margin (%)	62.92	57.70	39.82	65.70
Operating profit margin ³ (%)	(24.55)	5.23	19.77	0.92
Operating cash to net profit ratio ⁴ (%)	(42.02)	(988.97)	183.29	(1,167.95)
Net profit margin (%)	(38.02)	(0.94)	12.22	(6.46)
Return on equity (%)	(15.33)	(0.56)	22.04	(2.80)
<u>Efficiency ratios</u>				
Return on assets (%)	(5.53)	(0.18)	8.97	(1.52)
Return on fixed assets ⁵ (%)	(4.33)	4.13	22.37	3.74
Asset turnover (time)	0.15	0.19	0.73	0.24
<u>Financial policy ratios</u>				
Debt to equity ratio ⁶ (time)	1.89	2.25	0.82	0.87
Debt service coverage ratio ⁷ (time)	0.68	(0.16)	0.58	(0.32)
Interest coverage ratio (time)	1.35	(4.13)	12.59	(0.46)

Note: 1 Calculated from trade and other receivables before allowance for doubtful accounts.

2 Calculated from unrelated parties payable and construction cost payable for 2012-2014.

3 Calculated from revenues from sales excluding interest income and other income.

4 Calculated from operating profit.

5 Fixed assets include investment properties, premises and equipment, and leasehold rights.

6 Calculated from total liabilities and total shareholders' equity.

7 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 13.68 million, which decreased by Baht 364.14 million from loss incurred in 2012 thanks to an increase in revenues from hotel operations and sales of real estate, together with an excess of interest in the net fair value of subsidiary over purchase cost of Baht 147.92 million. For 2014, the Company and its subsidiaries recorded a net profit of Baht 602.01 million, a surge of Baht 615.69 million from the previous year as a result of an increase in revenues from sales of real estate of the Company and its subsidiaries.

■ Revenues

The Company and its subsidiaries generate revenues mainly from hotel operations and sales of real estate. In 2012-2014 and the three-month period ended March 31, 2015, revenues from hotel operations made up 91.46%, 68.88%, 16.73% and 84.58% of total revenues respectively and revenues from sales of real estate were 2.95%, 14.47%, 82.06% and 10.70% of total revenues respectively. Revenues from hotel operations were primarily comprised of room revenues, food and beverage revenues, and related service income. Revenues from sales of real estate came from sales of land and houses and condominium units, which were recognized as income after complete transfers to buyers.

In 2012, the Company and its subsidiaries recorded total revenues of Baht 993.72 million, consisting of revenues from hotel operations of Baht 908.90 million and revenues from sales of real estate of Baht 29.31 million. In 2013, total revenues were Baht 1,447.96 million, broken down into revenues from hotel operations of Baht 997.42million, revenues from sales of real estate of Baht 209.52 million, and excess of interest in the net fair value of subsidiary over purchase cost of Baht 147.92 million. Revenues from hotel operations grew by Baht 88.52 million or 9.74% 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. Moreover, the acquisition of Owendelle Co., Ltd. by a subsidiary in June 2013 resulted in an excess of interest in the net fair value of subsidiary over purchase cost 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 4,927.64 million, consisting of revenues from hotel operations of Baht 824.60 million and revenues from sales of real estate of Baht 4,043.68 million. Revenues from hotel operations declined by Baht 172.82 million or 17.33% 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 rocketed by Baht 3,834.16 million or 1,829.97% year on year, contributed by transfers of Hyde Sukhumvit Condominium units to buyers.

For the three-month period ended March 31, 2015, the Company and its subsidiaries recorded total revenues of Baht 327.56 million, broken down into revenues from hotel operations of Baht 277.04 million and revenues from sales of real estate of Baht 35.04 million. Revenues from hotel operations grew by Baht 92.78 million or 50.35% from the same period of the previous year, driven by an increase in occupancy rate and room rate due to a higher number of international tourists and business people visiting Thailand. Revenues from sales of real estate plunged by Baht 1,987.80 million or 98.27% from the corresponding period of 2014, stemming from complete transfers of most of the condominium units, which accounted for 80.84% of total value of Hyde Sukhumvit Project, in 2013 and 2014.

■ **Costs of sales**

Costs of hotel operations and sales of real estate are recognized when room services and transfers of houses or condominium units 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 and the three-month period ended March 31, 2015 amounted to Baht 325.21 million, Baht 366.68 million, Baht 337.58 million and Baht 92.05 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, then growing by 20.40% in the three-month period ended March 31, 2015, versus the same period of 2014, in tandem with the increase in revenues from hotel operations.

Cost of sales of real estate of the Company and its subsidiaries in 2012-2014 and the three-month period ended March 31, 2015 was equal to Baht 29.54 million, Baht 151.94 million, Baht 2,602.93 million and Baht 17.98 million respectively, jumping year on year by 414.35% in 2013 and by 1,613.14% 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 sales of real estate plummeted by 98.58% in

the three-month period ended March 31, 2015 compared with the corresponding period of 2014, which was in line with the decline in revenues from sales of real estate.

- **Selling and administrative expenses**

Selling expenses were Baht 224.43 million in 2012, Baht 155.27 million in 2013, Baht 334.61 million in 2014 and Baht 38.32 million in the three-month period ended March 31, 2015. 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 Hyde Sukhumvit Condominium units, sales of which the Company 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 Hyde Sukhumvit Condominium units. In the three-month period ended March 31, 2015, selling expenses dropped by Baht 114.16 million or 74.87% from the same period of the previous year resulting from a decrease in expenses relating to transfers of Hyde Sukhumvit Condominium units.

Administrative expenses were Baht 461.53 million, Baht 533.90 million, Baht 482.14 million and Baht 120.49 million in 2012-2014 and the three-month period ended March 31, 2015 respectively. In 2013, administrative expenses rose by Baht 72.37 million or 15.68% from the preceding year, resulting from expenses on the opening of 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 51.76 million or 9.70% 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. In the three-month period ended March 31, 2015, administrative expenses went up by Baht 6.99 million or 6.16% from the same period of 2014, caused largely by bonus payment to employees in such quarter.

- **Finance cost**

Finance cost was Baht 178.82 million in 2012, Baht 134.83 million in 2013, Baht 169.55 million in 2014 and Baht 22.73 million in the three-month period ended March 31, 2015. It decreased by Baht 43.99 million or 24.60% in 2013 due primarily to incorporation of interest expenses into construction cost of real estate development project. In 2014, finance cost rose by Baht 34.72 million or 25.75% from the previous year, resulting from 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. In the three-month period ended March 31, 2015, finance cost decreased by Baht

38.64 million or 62.96% from the same period of 2014, owing to repayment of loans used for development of Hyde Sukhumvit Condominium Project.

1.6.3.2 Financial position

■ **Assets**

The Company and its subsidiaries had total assets of Baht 7,065.74 million, Baht 7,888.66 million, Baht 5,528.54 million and Baht 5,617.04 million as at the end of 2012-2014 and March 31, 2015 respectively. The assets were mainly composed of cost of real estate development, 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 and March 31, 2015, the Company and its subsidiaries recorded cost of real estate development in the amount of Baht 1,667.21 million, Baht 2,858.76 million, Baht 1,293.84 million and Baht 1,308.93 million, representing 23.60%, 36.24%, 23.40% and 23.30% of total assets respectively. As at year-end 2013, cost of real estate development surged by Baht 1,191.55 million or 71.47% from the end of 2012, stemming from construction of Hyde Sukhumvit Condominium Project which was launched in May 2012 and carried on through 2013. As at the end of 2014, cost of real estate development decreased by Baht 1,564.92 million or 54.74% from the end of 2013, due to completion of the construction of Hyde Sukhumvit Condominium Project. As at March 31, 2015, cost of real estate development went up by Baht 15.09 million or 1.17% from the previous year-end, resulting from Hyde Sukhumvit 11 Project which was under construction.

As at the end of 2012-2014 and March 31, 2015, the Company and its subsidiaries recorded property, plant and equipment-net in the amount of Baht 4,268.18 million, Baht 3,075.12 million, Baht 3,300.23 million and Baht 3,306.04 million, representing 60.41%, 38.98%, 59.69% and 58.86% of total assets respectively. As at year-end 2013, property, plant and equipment-net declined by Baht 1,193.06 million or 27.95% 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 225.11 million or 7.32% from the end of 2013, resulting largely from an increase in work under construction of Baht 125.06 million. As at March 31, 2015, property, plant and equipment-net rose by Baht 5.82 million or 0.18% from year-end 2014, owing to additional asset acquisition during such period in the amount of Baht 52.75 million.

As at the end of 2012-2014 and March 31, 2015, the Company and its subsidiaries recorded leasehold rights-net of Baht 27.18 million, Baht 381.03 million, Baht 358.29 million and Baht 352.18 million, representing 0.38%, 4.83%, 6.48% and 6.27% of total assets respectively. As at year-end 2013, leasehold

rights-net jumped by Baht 353.85 million or 1,301.88% from the foregoing year, stemming from leasehold rights obtained from the acquisition of Owendelle Co., Ltd. by a subsidiary of GRAND. The acquired property is currently the location of Sheraton Hua Hin Pranburi Villas. As at the end of 2014 and March 31, 2015, leasehold rights decreased by Baht 22.74 million and Baht 6.11 million, or 5.97% and 1.71% from the end of the foregoing year respectively, caused by amortization of leasehold rights.

■ Liabilities

As at the end of 2012-2014 and March 31, 2015, the Company and its subsidiaries recorded total liabilities of Baht 4,621.84 million, Baht 5,458.45 million, Baht 2,496.31 million and Baht 2,605.96 million respectively. As at year-end 2012, current liabilities were worth Baht 3,779.22 million or 81.77% 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 2,531.26 million or 46.37% of total liabilities, declining by Baht 1,247.96 million or 33.02% 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 1,706.68 million in current portion of loans. Meanwhile, deposits received increased by Baht 464.04 million, resulting from down payments and deposits for installment payments received from buyers of Hyde Sukhumvit Condominium units. As at year-end 2014, current liabilities stood at Baht 1,363.86 million or 54.64% of total liabilities, plunging by Baht 1,167.40 million or 46.12% from the end of 2013, ascribed mainly to a drop in deposits received due to transfers of Hyde Sukhumvit Condominium units. As at March 31, 2015, current liabilities accounted for Baht 1,522.13 million or 58.41% of total liabilities, up by Baht 158.27 million or 11.60% from the end of 2014 chiefly ascribed to issuance of bills of exchange of Baht 200 million.

As at the end of 2012, non-current liabilities were Baht 842.62 million or 18.23% 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 2,084.56 million or 247.39% from the end of 2012 to Baht 2,927.18 million, representing 53.63% of total liabilities. As at year-end 2014, non-current liabilities stood at Baht 1,132.45 million or 45.36% of total liabilities, a drop of Baht 1,794.74 million or 61.31% from the end of 2013 due mainly to repayment of loans for Hyde Sukhumvit Condominium Project which gradually recognized income in 2014. As at March 31, 2015, non-current liabilities amounted to Baht 1,083.83 million or 41.59% of total liabilities, a decrease of Baht 48.62 million or 4.29% from the end of 2014 stemming from loan repayment to financial institutions.

■ Shareholders' equity

As at the end of 2013, the Company and its subsidiaries recorded total shareholders' equity of Baht 2,430.21 million, which decreased by Baht 13.69 million or 0.56% from Baht 2,443.90 million as at year-end 2012 owing to recognition of a net loss of such year. As at the end of 2014 and March 31, 2015, shareholders' equity totaled Baht 3,032.23 million and Baht 3,011.08 million, growing by Baht 602.01 million or 24.77% and declining by Baht 21.14 million or (0.70)% from the end of the preceding year respectively ascribed primarily to a net profit generated from operation in 2014 and a net loss incurred from operation in the three-month period ended March 31, 2015.

1.6.3.3 Liquidity

As at the end of 2012, the Company and its subsidiaries had cash and cash equivalents of Baht 97.46 million. They consisted of net cash provided from operating activities of Baht 98.69 million, mainly resulting from an increase in trade and other payables and an increase in deposits received; net cash used in investing activities of Baht 110.50 million, chiefly arising from payment for purchase of property, plant and equipment; and net cash provided from financing activities of Baht 0.69 million, due mainly to cash received a capital increase.

As at the end of 2013, the Company and its subsidiaries had cash and cash equivalents of Baht 227.20 million. They consisted of net cash used in operating activities of Baht 634.01 million, mainly resulting from an increase in cost of real estate development due to construction of Hyde Sukhumvit Condominium and a decrease in trade and other payables; net cash provided from investing activities of Baht 686.75 million, arising largely from disposal of Crown Plaza Sukhumvit Project; and net cash provided from financing activities of Baht 77.01 million, due to cash received from long-term loans from financial institutions.

As at the end of 2014, the Company and its subsidiaries had cash and cash equivalents of Baht 238.08 million. They consisted of net cash provided from operating activities of Baht 1,770.50 million, mainly resulting from the operating profit and a decrease in cost of real estate development due to transfers of Hyde Sukhumvit Condominium units; net cash used in investing activities of Baht 12.78 million, chiefly arising from purchase of property, plant and equipment; and net cash used in financing activities of Baht 1,746.85 million, due mainly to repayment of long-term loans from financial institutions and payment of interest expenses.

As at March 31, 2015, the Company and its subsidiaries had cash and cash equivalents of Baht 268.23 million. They consisted of net cash used in operating activities of Baht 34.48 million, mainly resulting from an increase in other current assets, a decrease in trade and other payables, and loss from operation; net

cash used in investing activities of Baht 45.23 million, chiefly arising from purchase of property, plant and equipment; and net cash provided from financing activities of Baht 109.86 million, due mainly to cash received from bills of exchange payable.

1.6.4 Forecast of future performance

At present, the Company is in the process of constructing Hyatt Regency Bangkok Sukhumvit Hotel on Sukhumvit 13 Road, which is expected to be ready for grand opening around early 2017. In addition, it is constructing Hyde Sukhumvit 11, which is a new condominium project, scheduled for completion in 2017. Albeit the internal political tension, the Company anticipates ongoing growth in the hotel business, as encouraged by positive factors such as economic advancement, additional investment activities, increased spending by both the private and the government sectors to gear up for entry into the Asean Economic Community (AEC), global economic recovery, and expansion of domestic and international air travel. Besides, the emergence of AEC will bode well for the overall hotel industry in terms of a continuous increase in travelling from other AEC member countries to Thailand in the future. 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 aims at 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.

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 June 16, 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, details of the Company's directors holding shares in the Offeror are as follows:

1. Mr. Amarit Pansiri holds 11,000,100 shares or 0.19% of the Offeror's paid-up capital.
2. Miss Saranya Chaichutaporn, who is a concerted party of the Company's directors, namely Mr. Suradej Narula and Mr. Amarin Narula, holds 2,000,000 shares or 0.03% of the Offeror's paid-up capital.
3. Mr. Kirin Narula, who is a concerted party of the Company's directors, namely Mr. Suradej Narula and Mr. Amarin Narula, holds 500,000 shares or 0.01% of the Offeror's paid-up capital.

Source: Tender offer statement of the Offeror and the Company's notification letter to the SET, dated January 26, 2011.

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 shareholders of the Offeror, as follows:

1. Mr. Denchai Pinkanchanapaiboon holds 3,150,000 shares or 0.11% of the Company's paid-up capital and holds 92,000,000 shares or 1.59% of the Offeror's paid-up capital.
2. Miss Wipa Sutthiyuth holds 7,714,980 shares or 0.27% of the Company's paid-up capital and holds 42,666,000 shares or 0.74% of the Offeror's paid-up capital.
3. Mrs. Benjaporn Nanthayapirom holds 52,500 shares or 0.00% of the Company's paid-up capital and holds 40,200,000 shares or 0.70% of the Offeror's paid-up capital.

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

Moreover, as at the tender offer submission date, the Offeror also held shares in TPROP, which is the Company's major shareholder. Details of the shareholding are as follows:

1. Metro Premier Holding Co., Ltd., a TPROP subsidiary, holds 1,026,558,657 shares or 35.53% of the Company's paid-up capital.
2. TPROP holds 147,000,000 shares or 5.09% of the Company's paid-up capital.

Source: List of shareholders of the Company

3.4 Related party transactions

TPROP, which is the Offeror's subsidiary and the Company's major shareholder, has entered into a transaction to extend a loan to the Company for use in the Company's business operation. The loan is provided on an arm's-length basis. As at March 31, 2015, the outstanding balance of such short-term loan from TPROP to the Company, plus accrued interest receivable, was in a total amount of Baht 161.30 million. The loan carries an interest rate of 9% p.a. and is unsecured.

However, according to the tender offer document (Form 247-4), in order to comply with the intention of entry into the transaction under the Acquisition Plan which aims at business cooperation and optimum benefit for the Company and the Offeror, it is expected that the related party transactions that may additionally 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. In the case where the Offeror could not acquire additional shares of the Company from this tender offer, the Offeror will nominate its representatives, who are not the independent directors, to serve as the Company's directors in replacement of the existing four directors nominated by TPROP.

If the Offeror could acquire additional shares of the Company from this tender offer, the Offeror will nominate its representatives, who are not the independent directors, to serve as the Company's directors in replacement of the existing director seats granted to the Offeror's group according to their shareholding in the Company.

According to the tender offer document (Form 247-4), the Offeror is currently in the process of selecting qualified persons for such positions, which will be carried out in compliance with the relevant rules, regulations and laws. As at June 23, 2015, the Company has appointed four new directors in place of the previous directors who resigned from the position, i.e. Mr. Watcharakiti Watcharothai, Miss Sumalee Wangprakobsook, Mr. Vitavas Vibhagool and Mr. Asawin Rakmanusa. The list of new directors nominated by the new shareholders and Board of Directors of TPROP is as follows:

1. Mr. Watcharakiti Watcharothai
2. Dr. Bhichit Rattakul
3. Mr. Chainid Adhyanasakul
4. Miss Wilawun Leongnarktongdee

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

The Company convened the Board of Directors' Meeting No. 5/2558 on June 23, 2015 to consider the tender offer proposed by the Offeror. At such meeting, 7 board members participated in the consideration of this agenda item, namely:

Name	Position
1. Mr. Wichai Thongtang	Chairman of the Board of Executive Directors/Director
2. Mr. Suradej Narula	Director
3. Mr. Amarin Narula	Director
4. Mrs. Phornsiri Manoharn	Independent Director
5. Mr. Pornchai Kittipanyangam	Independent Director/Chairman of the Audit Committee
6. Mr. Wattana Sutthipinittham	Independent Director/Audit Committee Member
7. Mr. Amarit Pansiri	Independent Director/Audit Committee Member

4.1 Reasons to accept and/or reject the tender offer

The meeting of the Company's Board of Directors 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 1.29 per share is within the range of a fair value measured by the IFA at Baht 0.58 – Baht 1.78 per share, which is lower/(higher) than the tender offer price by Baht (0.49) – Baht 0.71 per share or (37.99)% - 55.20%.

Therefore, the Board of Directors unanimously resolved that the shareholders should accept the tender offer. However, as at the date of such board meeting, the trading price of the Company's shares on the SET was at Baht 1.31 per share, which is higher than the tender offer price. Therefore, the Company's shareholders who wish to sell their shares have an option to sell them through the SET if the trading price on the SET as at the trading date is greater than the tender offer price as they will receive a higher gain than sales to the Offeror while proceeds from sale will be received faster as the Offeror will make a payment from July 27, 2015 onwards. 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 has a policy to integrate businesses of the Offeror (including TPROP) and the Company that are similar in nature into the same group, comprising low-rise and high-rise residential real estate development group, regular-income hotel property development group, and regular-income office for rent development group.

In doing so, the Offeror (including TPROP) and the Company may acquire or dispose of assets in order to achieve the aforementioned business group restructuring. The Offeror may opt for fund mobilization through disposal of some hotel properties, which are under the management of the Company, to real estate investment trust (REIT) for the benefit of financial restructuring of the entire business groups of both TPROP and the Company.

However, in carrying out the above plan, the Offeror will take into account the economic situation, proper timing and impacts on all groups of stakeholders with due care to ensure efficient management of the entire group of companies for the utmost benefit and eradicate a conflict of interest of the group. The Offeror will comply with the laws, rules and/or regulations of the SET, the SEC and the Capital Market Supervisory Board regarding connected transactions. As such, it is likely that such plan might not be accomplished within 12 months from the end of the tender offer period.

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 for 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 the Company's securities from the SET during a 12-month period from the end of the tender offer period. Within 12 months from the end of the tender offer period, if the Offeror could acquire additional shares of the Company from this tender offer, it may consider selling the Company's shares acquired from the tender offer, in part as deemed appropriate, to other party and/or through the SET in order to maintain its shareholding in the Company in accordance with or close to the percentage of shares held directly or indirectly by TPROP in the Company at the time of making the tender offer, which is equal to 40.62% of total issued and paid-up shares of the Company. However, in respect of the 40.62% shares in the Company held by the Offeror through TPROP, the Offeror may consider restructuring the shareholding within its group (including TPROP) so as to integrate businesses of the Offeror (including TPROP) and the Company that are similar in nature into the same group, comprising low-rise and high-rise residential real estate development group, regular-income hotel property development group, and regular-income office for rent development group. The Offeror may sell or transfer 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 in case the Offeror is obligated to act in compliance with the laws, rules and regulations then in force.

The Board of Directors is of the opinion that the above business management policy and plan are viable and appropriate and 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 business 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 by a change in the major shareholder group if the Offeror sells the shares additionally acquired from the tender offer and could also be impacted had there been a change in the dividend payment policy of the Company in the future.

4.3.2 Related party transactions

TPROP, which is the Offeror's subsidiary and the Company's major shareholder, has entered into a transaction to extend a loan to the Company for use in the Company's business operation. The loan is provided on an arm's-length basis. As at March 31, 2015, the outstanding balance of such short-term loan from TPROP to the Company, plus accrued interest receivable, was in a total amount of Baht 161.30 million. The loan carries an interest rate of 9% p.a. and is unsecured.

However, according to the tender offer document (Form 247-4), in order to comply with the intention of entry into the transaction under the Acquisition Plan which aims at business cooperation and optimum benefit for the Company and the Offeror, it is expected that the related party transactions that may additionally 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.

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 GRAND 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

Chainid Adhyanasakul
(Mr. Chainid Adhyanasakul)

Amarin Narula
(Mr. Amarin Narula)

Grande Asset Hotels & Property Public Company Limited

5. Opinion of the Independent Financial Advisor on the offering price

Grande Asset Hotels & Property Plc. ("the Company" or "GRAND") 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 June 16, 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 May 31, 2015, the Offeror had a registered capital of Baht 7,900.00 million, divided into 7,900.00 million ordinary shares with a par value of Baht 1 per share, and a paid-up registered capital of Baht 5,784.09 million, divided into 5,784.09 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 low-rise and high-rise 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 services for other members of the group, namely Perfect Prefab Co., Ltd. and U&I Construction Bangkok Co., Ltd., and also established Uniloft Service (Thailand) Co., Ltd. It acquired newly issued ordinary shares in Daidomon Group Plc. and additionally 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.

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.

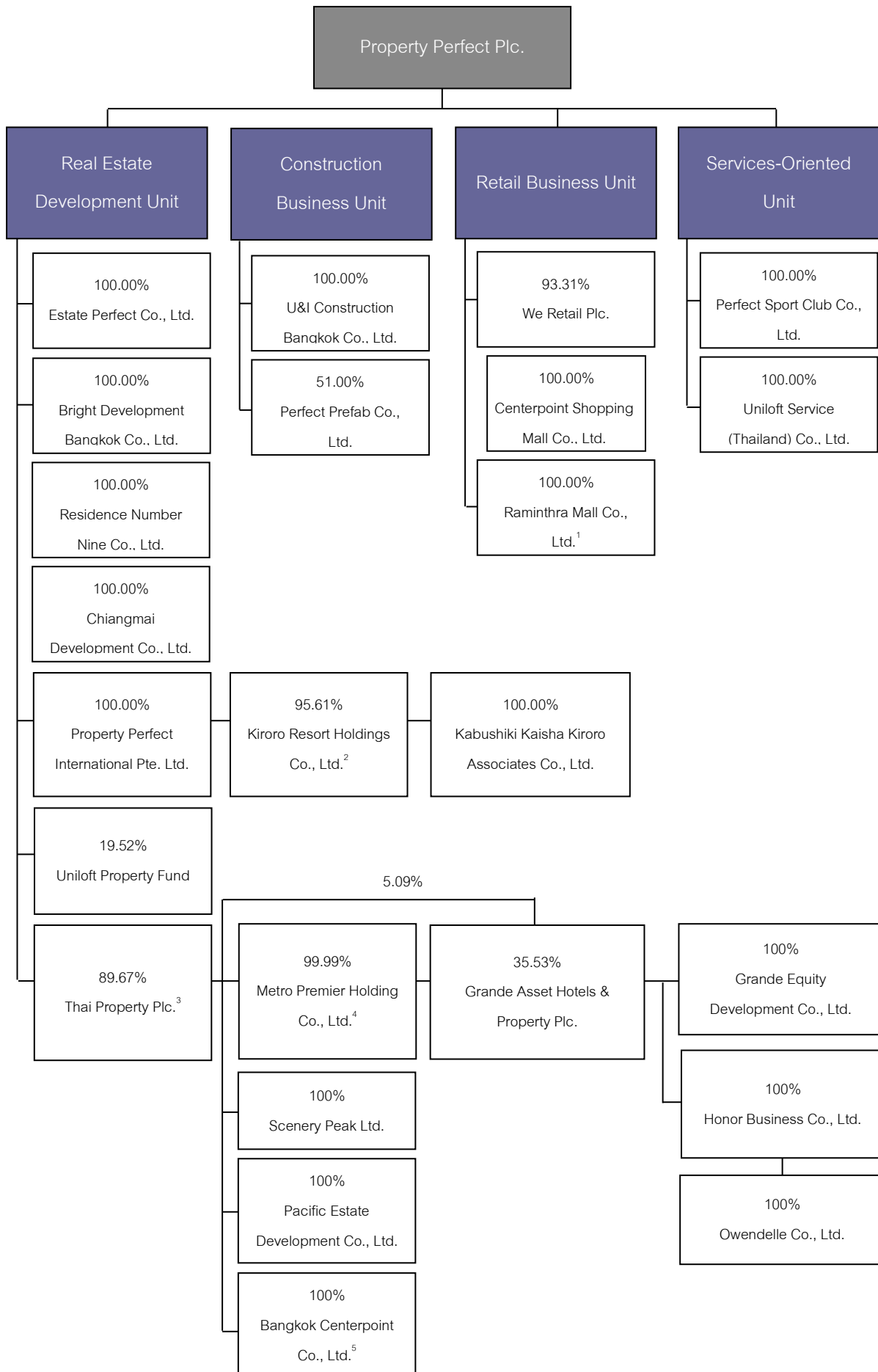
In 2014, WR, a subsidiary of the Offeror, decreased its registered capital and issued and paid-up capital in order to offset the share discount and clean up its accumulated loss. At the same time, SG converted debt, owed to PPI, into equity, thereby leading PPI to own 95.61% of shares in SG, and SG was 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.

In 2015, the Offeror made a tender offer for all securities of Thai Property Plc. ("TPROP") and became TPROP's major shareholder owning 89.67% of its total paid-up shares.¹ Since TPROP is the Company's major shareholder, the Offeror therefore indirectly has a significant control power in the Company (chain principle) and is accordingly obligated to make a mandatory tender offer for all securities of the Company pursuant to Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers.

¹ Source: Form of Report on the Result of the Tender Offer (Form 256-2) of TPROP by the Offeror

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:



- Note:
- 1 Formerly named Mariya Stuff Co., Ltd.
 - 2 Formerly named Share Group Co., Ltd.
 - 3 Based on Form of Report on the Result of the Tender Offer (Form 256-2) of TPROP, dated June 9, 2015, by the Offeror
 - 4 The Board of Directors of TPROP 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.
 - 5 The Board of Directors of TPROP 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.

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 Co., Ltd.	Development of premium-grade residential properties for rent, primarily to college students, in areas close to universities under Uniloft brand	Baht 1,000.00 million	100.00
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
Thai Property Plc. ("TPROP")	Real estate investment and development	Baht 3,193.19million	89.67
Metro Premier Holding Co., Ltd. ("MPH") ³	General investment	Baht 5.00 million	99.99 ⁴

Company name	Type of business	Paid-up capital	Shareholding (%)
Scenery Peak Ltd. ("SCP")	General investment	USD 50,000	100.00 ⁴
Pacific Estate Development Co., Ltd. ("PED")	Rental of two office buildings, i.e. One Pacific Place and Two Pacific Place	Baht 600.00 million	100.00 ⁴
Grande Asset Hotels & Property Plc.	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	Baht 2,889.04 million	40.62 ⁵
Grande Equity Development Co., Ltd.	Hotel business and real estate development	Baht 250.00 million	100.00 ⁶
Honor Business Co., Ltd.	Hotel business with the ownership right of land where Sheraton Hua Hin Resort and Spa Hotel is located	Baht 500.00 million	100.00 ⁶
Owendelle Co., Ltd.	Hotel business with the ownership of leasehold right of land and buildings of Sheraton Hua Hin Pranburi Villas	Baht 380.00 million	100.00 ⁷
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 ⁸
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
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 the Offeror and Form of Report on the Result of the Tender Offer (Form 256-2) of TPROP, dated June 9, 2015, by the Offeror

- Note:
- 1 Shareholding by PPI
 - 2 Shareholding by SG
 - 3 The Board of Directors of the Company passed a resolution on February 24, 2014 to accept the entire business transfer of MPH and then to dissolve and liquidate MPH, of which the process is currently underway.
 - 4 Shareholding by TPROP
 - 5 Shareholding by MPH for 35.53% and by TPROP for 5.09% of total paid-up capital
 - 6 Shareholding by GRAND
 - 7 Shareholding by Honor Business Co., Ltd.
 - 8 Shareholding by WR

5.1.3 Shareholder structure

As at May 12, 2015, the latest shareholder register book closing date, 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 5,784,094,655 divided into 5,784,094,655 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	3,295,103,601	56.97
Total		5,784,094,655	100.00

Source: Stock Exchange of Thailand

5.1.4 Board of Directors

The Board of Directors of the Offeror as of June 16, 2015 was composed of 12 members, as listed below:

Name	Position
1. Dr. Tawatchai Nakhata	Chairman
2. Mr. Chainid Adhyanasakul	Director/Chief Executive Officer
3. Mr. Phairat Senachack	Director
4. Mr. Vidhya Nativivat	Director
5. Miss Sirirat Wongwattana	Director
6. Dr. Suchatchawi Suwansawat	Independent Director
7. Mr. Krish Follett	Independent Director
8. Prof. Dr. Thamnoon Ananthothai	Independent Director
9. Mr. Ekkamol Khirawat	Independent Director
10. Mr. Banlue Chanthadisai	Independent Director/Chairman of the Audit Committee
11. Mrs. Nuanual Swasdikula-Na-Ayudhaya	Independent Director/ Audit Committee Member
12. Mr. Manit Suthaporn	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		March 31, 2015	
	(Restated)		(Audited)		(Restated)		(Reviewed)	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Key accounting items								
Total assets	26,175.62	100.00	30,668.10	100.00	31,314.81	100.00	31,361.84	100.00
Total liabilities	17,544.98	67.03	22,021.72	71.81	22,343.21	71.35	22,299.18	71.10
Equity holders of the company	8,595.68	32.84	8,629.10	28.14	8,913.66	28.46	9,002.52	28.71
Total revenues	9,269.72	100.00	11,228.77	100.00	12,785.35	100.00	2,492.29	100.00
Net profit (attributable to equity holders of the company)	257.85	2.78	82.93	0.74	398.80	3.12	97.81	3.92
Key financial ratios								
Gross profit margin (%)		36.00		33.11		31.67		37.76
Net profit margin (%)		2.19		0.37		3.15		4.03
Debt to equity ratio (time)		2.03		2.55		2.49		2.46

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 GRAND shares

5.2.1.1 Book Value Approach

The share valuation by this method exhibits the book value of GRAND at a given period of time. Here, the valuation is based upon the Company's book value shown on its reviewed consolidated financial statement as of March 31, 2015. The calculation of GRAND's book value is as tabulated below:

	Amount (Baht 000's)
Issued and fully paid-up capital	2,751,467
Retained earnings – appropriated	27,804
Retained earnings (deficits) – unappropriated	231,810
Equity holders of the Company	3,011,081
<i>Number of issued and paid-up shares (000's shares)</i>	<i>2,751,467</i>
Book value per share (Baht/share)	1.09

Under the book value approach, GRAND shares are valued at Baht 1.09 per share.

5.2.1.2 Adjusted Book Value Approach

By this method, the shares are valued based on GRAND's book value shown on its reviewed consolidated financial statement as of March 31, 2015, 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. **Book value of various projects:** 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:²

- 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 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 P.S. Development Group of Companies Ltd. ³ (Lessee) from Apr 17, 1992

² 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 March 31, 2015, such property had a book value of approximately Baht 14.87 million.

No.	Title deed no.	Parcel no.	Dealing file no.	Total area as per title document			Ownership	Encumbrance
				Rai	Ngan	Sq. wah		
2	6568 ^{1,2}	3148	912	0	0	13.00	Mrs. Praromrat Chotikasatien	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 Phiboonakornin and Mrs. Karada Dawaleephotidej.
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 & 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	:	P.S. Development Group of Companies 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	:	<ol style="list-style-type: none"> 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 & 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

Items	Assumptions
<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
<u>Revenues</u>	
<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%
<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)
<u>Cost of sales and services</u>	
<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
<u>Other expenses</u>	
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

Items	Assumptions
	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 post-adjustment appraised price of Robinson and the Westin Hotel is equal to Baht 1,025.00 million in total. Nonetheless, the Company is still under litigation against the owner of land on which the Westin Hotel and Robinson are located. The Court of First Instance ruled that the landlord has the right to terminate the land lease agreement and the hotel buildings shall become under the ownership of the landlord. The Appeal Court, however, reversed the said lower court's judgment by dismissing the case against the landlord, thereby leading the land lease agreement to remain valid and the Company to not be held liable for any damages. The case is currently under consideration by the Supreme Court. As a result, the IFA has made no adjustment to value of the Westin Hotel and Robinson, given the uncertainty caused by such legal dispute.

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 (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	
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)

Items	Assumptions
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.

The IFA is of the opinion that the appraised price derived from the income approach with the discounted cash flow technique is reasonable since this method takes into account the future income earning ability of Sheraton Hua Hin Hotel, which is a property that could generate recurring income for the Company.

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

Items	Assumptions
Occupancy rate	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 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
Other sections	40% of other section income
Operating expenses	
<u>Administrative/general service section</u>	
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)
<u>Selling and marketing expenses</u>	
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)
<u>Expenses of repair & maintenance section</u>	
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	

Items	Assumptions
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.

The IFA is of the opinion that the appraised price derived from the income approach with the discounted cash flow technique is reasonable since this method takes into account the future income earning ability of Sheraton Pranburi, which is a property that could generate recurring income for the Company.

d) **Construction of Hyatt Regency Bangkok Sukhumvit Hotel ("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 of 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	

Items	Assumptions
<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)
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	

Items	Assumptions
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 as deemed appropriate 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	

Details	Comparable market data			Appraised property
	Land plot no. 1	Land plot no. 2	Land plot no. 3	
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.

Although after project completion Hyatt Sukhumvit will generate recurring income for the Company in the future, the project is presently completed by merely 9.15% and, hence, the assumptions used by KFT in the income approach with the discounted cash flow technique remain highly uncertain. Meanwhile, the appraisal by the cost method through comparison with the market value was based on data prevailing at the present time, thus ensuring more certainty. Given that the property is sold at present, KFT believed that the expected selling price of land could be higher than the appraised value derived from the income approach with the discounted cash flow technique after project completion and opening for commercial operation. Therefore, the IFA views that the appraised price derived from the cost method through comparison with the market value is a reasonable price.

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.

Since Hyde Sukhumvit 11 will be developed into a condominium for sale and the construction has just begun, currently still in the piling process, the assumptions used by KFT in the residual method remain highly uncertain. Meanwhile, the appraisal by the comparative method was based on data prevailing at the present time, thus ensuring more certainty. Therefore, the IFA deems that the appraised price derived from the comparative method is a reasonable price.

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

As at March 31, 2015, there were 32 remaining units of Hyde Sukhumvit 13, of which two 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 March 31, 2015 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	812	46.17	6,953,202
3	1011	45.77	6,966,194
4	1012	46.17	7,027,074
5	1211	45.77	7,039,426
6	1212	46.17	7,100,946
7	12A11	45.77	7,076,042

No.	Room no.	Area (sq.m.)	Selling price (Baht/unit)
8	12A12	46.17	7,137,882
9	1402	72.85	11,320,890
10	1412	46.17	7,174,818
11	1416	48.11	7,476,294
12	1603	110.67	17,375,190
13	1816	48.11	7,630,246
14	2507	110.76	18,186,792
15	2903	77.41	12,958,434
16	2904	125.44	20,998,656
17	2906	107.91	18,064,134
18	3008	149.42	25,132,444
19	3104	125.44	21,199,360
20	3207	110.76	18,807,048
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		4,318.05	899,463,482

From the above information, the 30 condominium units that have not been sold yet were estimated at Baht 899.46 million. Combined with value of the two units already committed under the sale and purchase agreement, the total value of outstanding units as at March 31, 2015 is as follows:

	(Baht million)
Value of the units not yet sold	899.46
Value of the units committed under sale and purchase agreement	<u>36.00</u>
Total value of outstanding units	<u>935.46</u>

The IFA is of the opinion that the appraised price derived from the comparative method by KFT is a reasonable price since Hyde Sukhumvit 13 has been completely constructed as a condominium for sale and, hence, the appraisal by the comparative method based on the

information prevailing as at the present time could appropriately reflect a fair value of this property.

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 on the second and the third floors of Hua Hin Blue Lagoon condominium project. 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

Details	Comparable market data			Appraised property
	Condominium 1	Condominium 2	Condominium 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	
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.

The IFA is of the opinion that the appraised price derived from the comparative method by KFT is a reasonable price since Blue Lagoon has been completely constructed as a condominium for sale and, hence, the appraisal by the comparative method based on the information prevailing as at the present time could appropriately reflect a fair value of this property.

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

Unit: Baht million		Book value as at March 31, 2015	Appraised value ²	Surplus on book value ³
1.	The Westin Hotel and Robinson Department Store	603.71	N/A	-
2.	Sheraton Hua Hin Hotel	1,027.12	2,009.87	786.20
3.	Sheraton Pranburi Hotel	426.24	451.63	20.31
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	386.55	876.53	391.98
7.	Blue Lagoon Condominium units	31.91	35.89	3.18
Total				2,146.79

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 at a rate of around 6.30% of appraised value.

3 Adjusted by corporate income tax at a rate of 20.00% of gain on sales of assets.

2. **Retained earnings and paid-up capital from dividend payment:** Adjustment has been made to be in line with a resolution of the 2015 Annual General Meeting of Shareholders of the Company held on April 20, 2015, approving dividend payment for the 2014 performance to the shareholders as follows:

- Payment of stock dividend at a rate of 20 existing shares to 1 dividend share involving a total of not more than 137,573,333 ordinary shares with a par value of Baht 1 per share amounting to Baht 137,573,333 in total or representing a dividend payout ratio of Baht 0.05 per share, whereby in case there is any fraction of the existing shares left after such stock dividend calculation, cash dividend shall be paid instead of the stock dividend at a rate of Baht 0.05 per share; and

- Payment of cash dividend by GRAND at a rate of Baht 0.00556 per share or amounting to not more than Baht 15,298,155 in total.

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

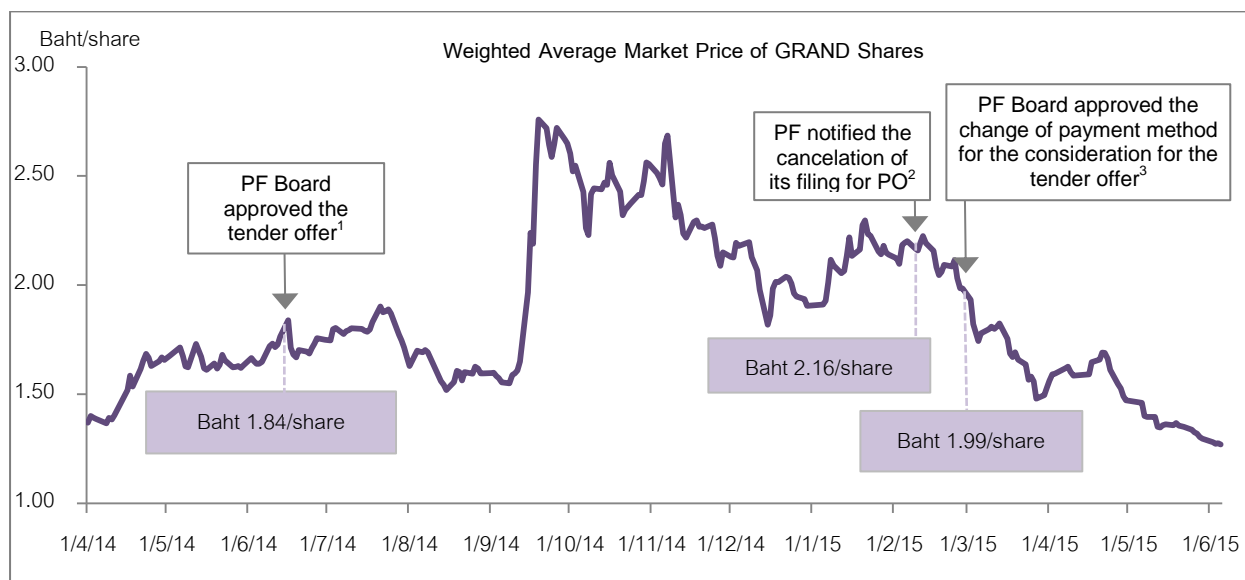
Items	Amount (Baht million)
Shareholders' equity of the Company as at March 31, 2015	3,011.08
<u>Adjustment items</u>	
<u>Add</u> Increase in value of various projects	2,146.79
<u>Add</u> Increase in paid-up capital	137.57
<u>Less</u> Decrease in retained earnings from dividend payment	(152.87)
<i>Net book value after adjustment</i>	<i>5,142.57</i>
Total number of paid-up shares (million shares)	2,751.47
<u>Add</u> Increase in number of shares from issue of dividend shares	137.57
<i>Total number of paid-up shares after adjustment (million shares)</i>	<i>2,889.04</i>
Book value per share (Baht/share)	1.78

By the adjusted book value approach, the Company's shares are appraised at Baht 1.78 per share.

5.2.1.3 Weighted Average Market Price Approach

By this approach, the shares are valued by basing on the weighted average historical market price of GRAND shares traded on the SET in different time horizons. Although the Board of Directors' meeting of the Offeror has, since June 16, 2014, resolved to propose the shareholders' meeting of the Offeror to consider and approve the acquisition of securities of the Company and has, since February 26, 2015, resolved to propose the shareholders' meeting of the Offeror to consider and approve the change of method for payment of the consideration to the Company's shareholders who have accepted the tender offer, the market price of the Company did not change materially during such dates, i.e. changing by less than 5% of the market price prevailing on the preceding day of such respective dates. In view of this, together with the fact that longer than one year has already passed after the Offeror publicly expressed its intention to make a tender offer for all securities of the Company, the use of historical market price prevailing during such period may not reflect the most updated status on the Company's business performance and the investors' viewpoint towards the Company. In order that the share valuation by this method could reflect the shares' value as closest as possible to the current time period and in order to reflect the impact on the market price from dividend payment made by the Company on May 14, 2015, we have therefore selected the weighted average historical market price of the Company's shares during five business days, 15 business days and 30 business days

prior to the cut-off date of June 8, 2015, which was the date the Offeror submitted the Announcement of Intention to Make the Tender Offer of the Company ("Form 247-3").



Source: SETSMART

- Note:
- 1 The Board of Directors of the Offeror, on June 16, 2014, resolved to propose the shareholders to consider and approve the acquisition of all securities of TPROP and GRAND.
 - 2 The Offeror, on February 10, 2015, notified the SET of its cancellation of the filing for public offering (PO) of its newly issued ordinary shares that will be paid as a consideration for TPROP's and GRAND's shareholders who have accepted the tender offer.
 - 3 The Board of Directors of the Offeror, on February 26, 2015, resolved to propose the shareholders' meeting to consider and approve the change of method for payment of the consideration to TPROP's and GRAND's shareholders who have accepted the tender offer.

Details of the share valuation by this approach are as follows:

	5 Business Days (May 29, 15 - Jun 5, 15)	15 Business Days (May 15, 15 - Jun 5, 15)	30 Business Days (Apr 21, 15 - Jun 5, 15)
Weighted average market price (Baht/share) ³	1.28	1.32	1.46
Average daily trading volume (shares)	1,664,854	2,038,044	3,215,980

Source: www.setsmart.com

³ Adjusted with GRAND's cash dividend and share dividend payment for the market prices prior to April 27, 2015 which was the date the SET posted XD (Excluding Dividend) sign to the Company's shares.

Under the weighted average market price approach, GRAND shares are evaluated at between Baht 1.28 and Baht 1.46 per share.

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 group on the SET and operating a similar type of business. For comparison with GRAND, we have selected 10 SET-listed companies in the Services Industry Group, Tourism & Leisure Sector, engaging in hotel business ("Peer Group").

Peer Group	Ticker symbol	Total assets ^{2/} (Baht million)	Shareholders' equity ^{2/} (Baht million)	Total revenues ^{2/} (Baht million)	Average yearly turnover ratio ^{3/} (%)
1. Asia Hotel Plc. ^{1/}	ASIA	8,530.80	4,638.10	387.32	5.87
2. Central Plaza Hotel Plc. ^{1/}	CENDEL	28,255.41	11,710.01	5,200.17	41.08
3. Dusit Thani Plc. ^{1/}	DTC	8,959.57	4,617.05	1,585.69	1.82
4. The Erawan Group Plc. ^{1/}	ERW	14,604.15	4,694.86	1,463.12	79.71
5. Grande Asset Hotels & Property Plc.	GRAND	5,617.04	3,011.08	327.56	434.33
6. Laguna Resort and Hotel Plc. ^{1/}	LRH	19,043.31	11,280.22	1,304.03	3.82
7. Mandarin Hotel Plc. ^{1/}	MANRIN	1,101.12	481.88	87.28	6.48
8. OHTL Plc. ^{1/}	OHTL	1,929.46	968.77	643.27	0.05
9. Royal Orchid Hotel (Thailand) Plc. ^{1/}	ROH	927.09	715.48	248.21	0.06
10. Shangri-La Hotel Plc. ^{1/}	SHANG	7,790.56	7,310.50	763.11	0.76

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/ The data on total assets, shareholders' equity and total revenues are derived from the audited financial statement as of March 31, 2015.
 - 3/ 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 June 6, 2014 and June 5, 2015, which was the last trading day before the date the Offeror submitted the Announcement of Intention to Make the Tender Offer for the Company's Securities.

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 June 5, 2015 lower than 10% of their total paid-up 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 GRAND 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 March 31, 2015, which is Baht 0.04 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 time horizons of three months, six months, nine months and 12 months retroactive up to the cut-off date of June 5, 2015, which was the last trading day before the date the Offeror submitted the Announcement of Intention to Make the Tender Offer for the Company's Securities. 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 GRAND shares by the P/E ratio approach could be summarized as follows:

Period	Average P/E ratio (time)	Share value (Baht/share)
3 months (Mar 6, 15 - Jun 5, 15)	35.85	1.42
6 months (Dec 6, 14 - Jun 5, 15)	39.69	1.58
9 months (Sep 6, 14 - Jun 5, 15)	43.15	1.71
12 months (Jun 6, 14 - Jun 5, 15)	43.65	1.73

Source: www.setsmart.com

The appropriate value of GRAND shares measured by the P/E ratio approach is in a range of Baht 1.42 – 1.73 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 March 31, 2015, which is Baht 1.09 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 time horizons of three months, six months, nine months and 12 months retroactive up to the cut-off date of June 5, 2015, which was the last trading day before the date the Offeror submitted the Announcement of Intention to Make the Tender Offer for the Company's securities. Details of the valuation of GRAND shares by this approach are as follows:

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

Period	CENTEL	ERW	Average
3 months (Mar 6, 15 - Jun 5, 15)	4.07	2.49	3.28
6 months (Dec 6, 14 - Jun 5, 15)	4.14	2.55	3.35
9 months (Sep 6, 14 - Jun 5, 15)	4.41	2.57	3.49
12 months (Jun 6, 14 - Jun 5, 15)	4.51	2.51	3.51

Source: www.setsmart.com

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

Period	Average P/BV ratio (time)	Share value (Baht/share)
3 months (Mar 6, 15 - Jun 5, 15)	3.28	3.59
6 months (Dec 6, 14 - Jun 5, 15)	3.35	3.66
9 months (Sep 6, 14 - Jun 5, 15)	3.49	3.82
12 months (Jun 6, 14 - Jun 5, 15)	3.51	3.84

The appropriate value of GRAND shares measured by the P/BV ratio approach is in a range of Baht 3.59 – 3.84 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 GRAND for the next 19 years of 2015-2033 according to the longest remaining

term of the leasehold right that will expire in 2032, under assumption that the said leasehold right is not renewed, and then a projection for another one year to determine the terminal value. 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 GRAND management, and information on industry and overall economic condition, based on the assumption that the Company does not make any material change in its business plan, there is no material impact from the legal dispute with the landowner from whom the Company has leased the land, and its operation continues on a going-concern basis, and also based on 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 GRAND, 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.

■ **Key financial assumptions**

1) **Hotel business**

GRAND is presently 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%

	2015	2016	2017	2018	2019	2020 onwards
- 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% from a year earlier to 78% in 2016 in line with the rising popularity of the hotel location among Thai and international 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 international 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 projection by 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 the Company in the same location, i.e. the Westin Hotel, due to their different target groups. Hyatt Sukhumvit Hotel focuses on MICE (Meetings, Incentives, Conferences and Exhibitions) customers who spend more than general tourists. In view of this and the fact that the hotel is newer, its room rate is thus higher than that of the Westin Hotel. With such target 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

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, its 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 since it targets at MICE customers. The Company's management estimates 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 average ratio in 2014.

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

1.3 Cost of operations

- **Room cost**

In 2012-2014, 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.

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, 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% in 2015 and, after that, 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**

Food and beverages cost of the Westin Hotel during 2012-2014 was 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, 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, 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 part of such cost is estimated to decrease to the same level 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, 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.

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, 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.

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 projection by the Company's management.

2) Real estate development business

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

2.1 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 about 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 totally 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. Currently, there are six remaining 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 residential condominium. At present, there are only two remaining units in the office and plaza sections, 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 168 units covering the sale area of about 6,800 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 projection by 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. Since the project is still under construction, the down payment is set at 10.00% 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 estimates payment of reservation deposit and contract signing deposit at 5.00% 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 from the date of the contract signing.

2.2 Cost of sales of real estate

The IFA estimates 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 years.

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 forecasts 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 in the estimated amount of Baht 2,047 million and Baht 604 million respectively according to the revenue recognition during the said period.

3) Selling and administrative expenses

3.1 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 for damages to the old customers of Hyde Sukhumvit 13 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 forecasts selling expenses of Hyatt Sukhumvit Hotel to be about Baht 390/room/night in 2017, which is the first year of its operation, and then to increase by 5% per year from 2018 onwards.

Selling expenses of the real estate business mainly come from Hyde Sukhumvit 11. The Company estimates 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, and 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 projection by the Company's management which is in line with the transfer fee and specific business tax of Hyde Sukhumvit 13.

3.2 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. Administrative expenses in 2012-2014 accounted for Baht 462 million, Baht 534 million and Baht 482 million, representing 48%, 44% and 10% of total revenues from hotel business, revenues from sale of real estate and rental income respectively. A considerable increase in 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 projection by 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 decline in line with the decrease in expenses. Administrative expenses are assumed to drop by the same rate as the decrease in expenses in 2013-2014, except for the public utilities expenses to total revenues ratio which is estimated to diminish by 5% from 2014 due to replacement of air-conditioning system of the entire hotel in the previous year. After that, the ratio of administrative expenses to revenues from hotel business will be equal to that of 2015. Hotel management fee is projected 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 projection by 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 projected based on the rate specified in the contract. Other expenses of the hotel are estimated at 2-3% of total revenues according to projection by the Company's management.

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

Central administrative expenses, mainly comprising staff expenses, rentals, public utilities expenses, etc., are estimated by the IFA to be Baht 130 million in 2015 based on projection by the Company's management and then to increase by 3% per year according to the headline inflation rate.

4) 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.

5) Income tax

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

6) Working capital

The average collection period, average age of inventory and average payment period for hotel business are projected based on the average of these items occurring in 2012-2014, equivalent to 21 days, 10 days and 51 days respectively.

7) Capital expenditure

Capital expenditure during the projection period will be incurred from the construction of Hyatt Sukhumvit Hotel. The Company's management forecasts the hotel's capital expenditure in 2015-2016 at Baht 1,000 million and Baht 884 million respectively. Capital expenditure of Sheraton Pranburi Hotel, arising from construction of common facilities, is estimated at Baht 72 million in 2015 based on projection by 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.

8) Dividend payment

The 2015 Annual General Meeting of Shareholders of the Company held on April 20, 2015 resolved to approve dividend payment for the 2014 performance to the Company's shareholders as follows:

- Payment of stock dividend at a rate of 20 existing shares to 1 dividend share involving a total of not more than 137,573,333 ordinary shares with a par value of Baht 1 per share amounting to Baht 137,573,333 in total or representing a dividend payout ratio of Baht 0.05 per share,

whereby in case there is any fraction of the existing shares left after such stock dividend calculation, cash dividend shall be paid instead of the stock dividend at a rate of Baht 0.05 per share; and

- Payment of cash dividend at a rate of Baht 0.00556 per share or amounting to not more than Baht 15,298,155 in total.

Based on the above key assumptions, the Company's financial projection can be summed up as follows:

(Unit: Baht million)

	2015	2016	2017	2018	2019	2020
Total revenues	1,881.10	1,611.49	4,948.52	2,899.34	2,172.20	2,339.75
Total costs of sales and services	736.93	611.30	2,712.10	1,329.69	798.57	857.38
Total expenses	1,022.84	990.51	1,497.41	1,427.41	1,452.35	1,492.24
Net profit	82.57	(0.49)	541.08	91.91	(78.73)	(22.43)

	2021	2022	2023	2024	2025	2026
Total revenues	2,514.45	1,998.74	1,825.09	1,900.98	1,980.23	2,064.56
Total costs of sales and services	903.92	727.88	668.06	696.44	726.06	756.98
Total expenses	1,453.84	1,183.73	1,113.68	1,137.53	1,161.85	1,187.18
Net profit	102.12	53.65	21.36	39.81	59.53	81.43

	2027	2028	2029	2030	2031	2032	2033
Total revenues	2,150.99	2,241.25	2,337.24	2,435.70	2,538.54	2,602.67	2,443.93
Total costs of sales and services	789.26	822.95	858.13	894.86	933.21	952.62	870.70
Total expenses	1,213.22	1,235.36	1,264.47	1,305.14	1,345.70	1,345.09	1,264.56
Net profit	103.34	130.27	154.97	171.15	189.93	229.11	227.49

■ 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 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 GRAND shares
	$CFE_{(t)}$	=	Cash flow to shareholders in year t
	K_e	=	Cost of equity
	$V_{(5)}$	=	Terminal value, which in this case is the share value as of the end of year 19

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 19, which is the final year of the projection. The terminal growth rate is assumed to be 1.0% per year, since GRAND's business will continue to grow in the future, as driven by its consistent investment.

2) Cost of equity (K_e)

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

Formula: $K_e = R_f + \beta_L \times (R_m - R_f)$

Where: R_f = Risk free rate, which is based upon a bid yield on the 29-year government bond, standing at 3.89% as of June 16, 2015 (available from Thai Bond Market Association at www.thaibma.or.th)

R_m = 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 statistics of returns on GRAND shares and the SET Index between June 6, 2012 and June 5, 2015, which was the last trading day before the date the Offeror submitted the Announcement of Intention to Make the Tender Offer for the Company's securities), with GRAND's beta equal to 1.24 (available from Bloomberg).

Based on the above data, we have derived the Ke of GRAND equal to 12.34%.

Under the assumptions and financial projection above, we have estimated an appropriate value of GRAND shares at Baht 0.65 per share, as illustrated in the table below:

(Unit: Baht million)

	2015	2016	2017	2018	2019	2020
Cash flow from operating activities	87.84	(369.25)	2,577.08	998.58	341.14	387.18
Cash flow from investing activities	(1,070.34)	(882.44)	1.80	1.80	1.80	1.80
Cash flow from financing activities	742.89	885.48	(1,582.78)	(269.02)	(280.25)	(254.53)
Free cash flow to shareholders	(239.61)	(366.22)	996.09	731.35	62.68	134.45

	2021	2022	2023	2024	2025	2026
Cash flow from operating activities	432.70	320.27	273.38	279.93	290.46	302.48
Cash flow from investing activities	1.80	1.80	1.80	1.80	1.80	1.80
Cash flow from financing activities	(240.63)	(205.49)	(222.34)	(225.99)	(228.85)	(225.11)
Free cash flow to shareholders	193.87	116.57	52.84	55.74	63.41	79.16

	2027	2028	2029	2030	2031	2032	2033
Cash flow from operating activities	314.28	325.68	339.93	356.13	373.11	394.20	391.42
Cash flow from investing activities	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Cash flow from financing activities	(220.97)	(360.50)	(39.20)	(39.20)	(39.20)	(39.20)	(39.20)
Free cash flow to shareholders	95.11	(33.03)	302.52	318.73	335.71	356.79	354.02
Terminal value							3,151.79

	Baht million
Present value of shareholders' value	1,617.57
Add: Cash and cash equivalents as of March 31, 2015	268.23
GRAND shareholders' value	1,885.80
Total number of paid-up shares of GRAND (million shares)	2,889.04
Share price (Baht/share)	0.65

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 outcome is shown in the table below:

		Terminal growth rate (%)				
		0.00	0.50	1.00	1.50	2.00
Market return (Rm)	9.70	0.72	0.73	0.74	0.75	0.76
	10.20	0.68	0.69	0.69	0.70	0.71
	10.70	0.64	0.65	0.65	0.66	0.67
	11.20	0.61	0.61	0.62	0.62	0.63
	11.70	0.58	0.58	0.59	0.59	0.59

From the sensitivity analysis, GRAND shares are valued at between Baht 0.58 and Baht 0.76 per share.

5.2.2 Summary of GRAND share valuation

Valuation approach	Fair value (Baht/share)	Appraised value higher/(lower) than offering price	
		(Baht/share)	(%)
1) Book value approach	1.09	(0.20)	(15.17)%
2) Adjusted book value approach	1.78	0.49	37.99%
3) Weighted average market price approach	1.28 – 1.46	(0.01) – 0.17	(0.87) – 13.06%
4) Market comparables approach			
4.1) Price to earnings ratio or P/E ratio	1.42 – 1.73	0.13 – 0.44	10.30 – 34.28%
4.2) Price to book value ratio or P/BV ratio	3.59 – 3.84	2.30 – 2.55	177.91 – 197.76%
5) Discounted cash flow approach	0.58 – 0.76	(0.71) – (0.53)	(55.20) – (41.12)%

The value of GRAND shares as measured by different approaches ranges between Baht 0.58 and Baht 3.84 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.

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 fairly reflect an accurate value of the Company's shares. Accordingly, we deem that the market comparables approach is not suitable for the measurement of a fair value of GRAND shares.

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 similar to GRAND shares. Therefore, we consider this approach suitable for measuring an accurate value of GRAND 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 suitable for the valuation of a true value of GRAND shares.

As regards the **adjusted book value approach**, there is an adjustment of some items to reflect the accurate book value at a certain point in time. Similar to the book value approach, this method could not portray the competitiveness, the economic and industrial trend, and the profitability and operational performance of the Company in the future. In general, the value measured by this approach serves as a benchmark for business disposal and is usually lower than the value derived from the discounted cash flow approach which focuses on future business growth potential. In this case, however, the value appraised by the adjusted book value approach is Baht 1.78 per share, which is higher than the value derived from the discounted cash flow approach of Baht 0.58 – 0.76 per share. For this reason, we recommend that the adjusted book value approach should also be employed in the valuation of GRAND shares.

To sum up, we are of the opinion that the adjusted book value approach, the weighted average market price approach and the discounted cash flow approach are suitable for measurement of GRAND share value. By the adjusted book value approach, under which the business is appraised based on its current status assuming that the Company disposes of all of its assets and discontinues its business operation if the assets could be sold at a reasonable price, value of GRAND shares is evaluated at Baht 1.78 per share. Meanwhile, the share value appraised by the weighted average market price approach from the SET investors' perspective is in a range of Baht 1.28 – 1.46 per share. Under the discounted cash flow

approach, by which the business is valued based on the assumption that the Company continues its operation on a going-concern basis and could develop and complete the existing projects in order to generate income for the Company in the future, GRAND shares are appraised in a range of Baht 0.58 – 0.76 per share. Therefore, an appropriate value of the Company's shares measured by these three approaches is between Baht 0.58 and Baht 1.78 per share.

5.3 Reasons to accept and/or reject the tender offer

The IFA views that **the shareholders should accept the tender offer** as the offering price is within the range of appropriate share value. Comparing with the offering price of Baht 1.29 per share, the appropriate share price of Baht 0.58 – 1.78 per share is lower/(higher) than the offering price by Baht (0.49) – 0.71 per share or (37.99)% – 55.20%. However, as at the date of preparing this report, the trading price of the Company's shares on the SET was at Baht 1.31 per share, which is higher than the offering price. Therefore, the shareholders who wish to sell their shares have an option to sell them through the SET if the Company's trading price on the SET as at the trading date is greater than the offering price as the shareholders will receive a higher gain than tendering those shares to the Offeror while sale proceeds will be received faster as the Offeror will make a payment for the tender offer from July 27, 2015 onwards.

Moreover, the shareholders who continue holding GRAND shares may be exposed to risk involved with checks and balances from the shareholders who are not the Offeror. This is because if after the end of the tender offer period, the number of shareholders of the Company who have accepted the tender offer together with the number of GRAND's shares currently held by the Offeror is not 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, 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 together with the number of GRAND's shares currently held by the Offeror 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.

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. 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 GRAND, 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.

5.4.2 Impact from the business management plan and policy

As 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 has a policy to integrate businesses of the Offeror (including TPROP) and the Company that are similar in nature into the same group, comprising low-rise and high-rise residential real estate development group, regular-income hotel property development group, and regular-income office for rent development group.

In doing so, the Offeror (including TPROP) and the Company may acquire or dispose of assets in order to achieve the aforementioned business group restructuring. The Offeror may opt for fund mobilization through disposal of some hotel properties, which are under the management of the Company, to real estate investment trust (REIT) for the benefit of financial restructuring of the entire business groups of both TPROP and the Company.

However, in carrying out the above plan, the Offeror will take into account the economic situation, proper timing and impacts on all groups of stakeholders with due care to ensure efficient management of the entire group of companies for the utmost benefit and eradicate a conflict of interest of the group. The Offeror will comply with the laws, rules and/or regulations of the SET, the SEC and the Capital Market Supervisory

Board regarding connected transactions. As such, it is likely that such plan might not be accomplished within 12 months from the end of the tender offer period.

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 for 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 the Company's securities from the SET during a 12-month period from the end of the tender offer period. Within 12 months from the end of the tender offer period, if the Offeror could acquire additional shares of the Company from this tender offer, it may consider selling the Company's shares acquired from the tender offer, in part as deemed appropriate, to other party and/or through the SET in order to maintain its shareholding in the Company in accordance with or close to the percentage of shares held directly or indirectly by TPROP in the Company at the time of making the tender offer, which is equal to 40.62% of total issued and paid-up shares of the Company. However, in respect of the 40.62% shares in the Company held by the Offeror through TPROP, the Offeror may consider restructuring the shareholding within its group (including TPROP) so as to integrate businesses of the Offeror (including TPROP) and the Company that are similar in nature into the same group, comprising low-rise and high-rise residential real estate development group, regular-income hotel property development group, and regular-income office for rent development group. The Offeror may sell or transfer 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 in case 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. In doing so, the Offeror will ensure the relevant rules, regulations and laws are complied with. In the case where the Offeror could not acquire additional shares of the Company from this tender offer, the Offeror will nominate its representatives, who are not the independent directors, to serve as the Company's directors in replacement of the existing four directors nominated by TPROP. If the Offeror could acquire additional shares of the Company from this tender offer, the Offeror will nominate its representatives, who are not the independent directors, to serve as the Company's directors in replacement of the existing

director seats granted to the Offeror's group according to their shareholding in the Company. The Offeror is currently in the process of selecting qualified persons for such positions, which will be carried out in compliance with the relevant rules, regulations and laws.

In our opinion, the above business management policy and plan are viable and appropriate and the investment in the Company by the Offeror will likely bode well for the Company since they could leverage on cooperation from their business potential, experience, skill and strengths in business operation in the field of high-rise and low-rise property development, hotel property development, and development of property for rent, which could enhance their competitiveness for the 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 by a change in the major shareholder group if the Offeror sells the shares additionally acquired from the tender offer and could also be impacted 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 the Company's securities from the SET during a 12-month period from the end of the tender offer period. We deem that the minority shareholders of the Company will unlikely be affected by the said policy.

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 1.29 per share is a reasonable price since it is within the range of appropriate share value appraised herein at Baht 0.58 – 1.78 per share, which is lower/(higher) than the offering price by Baht (0.49) – 0.71 per share or (37.99)% – 55.20%.

Therefore, we recommend that **the shareholders should accept the tender offer**. Nonetheless, as at the date of preparing this report, the trading price of the Company's shares on the SET was at Baht 1.31 per share, which is higher than the offering price. As such, the shareholders who wish to sell their shares have

the option to sell them through the SET if the Company's trading price on the SET as at the trading date is greater than the offering price as the shareholders will receive a higher gain than tendering the shares to the Offeror while selling proceeds will be received faster as the Offeror will make the payment from July 27, 2015 onwards.

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 provided herein.

We, Sage Capital Limited, 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 Limited

Thanathip Vidhayasirinun

(Thanathip Vidhayasirinun)

Chief Executive Officer

Saranya Krasaesian

(Saranya Krasaesian)

Managing Director