



WHA030/2560

1 December 2017

Subject Notification of resolution of board of director to consent to the first additional long term lease and sale of assets of Hemaraj Land and Development Public Company Limited and its group of companies to Siam Commercial Asset Management Co., Ltd., in its capacity of the Trustee of Hemaraj Leasehold Real Estate Investment Trust

Dear President

The Stock Exchange of Thailand

The Meeting of the Board of Directors of WHA Corporation Public Company Limited (“Company”) No. 7/2017 held on 30 November 2017 passed resolutions on consent to the first additional long term lease and sale of assets of Hemaraj Land and Development Public Company Limited (“Hemaraj”), the Company’s subsidiary, and its group of companies to Siam Commercial Asset Management Co., Ltd., in its capacity of the Trustee of Hemaraj Leasehold Real Estate Investment Trust (“HREIT”) as summarized as follows:

**A. Long Term Lease and Sale of Assets to HREIT**

**1. Details of assets for long term lease and sale to HREIT**

(1) Assets for Long term lease are as follows:

Project	Assets for Long Term Lease	Asset Owners
(1) Eastern Seaboard Industrial Estate (Rayong) Project (ESIE)	- Two units of Detached Building - Five units of Attached Building	Eastern Seaboard Industrial Estate (Rayong) Co., Ltd.
(2) Hemaraj Eastern Seaboard Industrial Estate Project (HESIE)	- Three units of Detached Building	Hemaraj Eastern Seaboard Industrial Estate Co., Ltd.

Project	Assets for Long Term Lease	Asset Owners
(3) Hemaraj Chonburi Industrial Estate Project (HCIE)	- Two units of Attached Building	SME Factory Co., Ltd.
(4) Hemaraj Saraburi Industrial Land Project (HSIL)	- Two units of Detached Building - Five units of Attached Building	SME Factory Co., Ltd.
(5) Hemaraj Logistics Park4 Project (HLP4)	- Two units of warehouses	SME Factory Co., Ltd.

The lease term is 30 years. The asset owners give promise to extend the lease term for another 30 years. If HREIT exercises the right under the promise upon the expiration of the first 30 years, the total lease term is 60 years. In order to guarantee that the asset owners will extend the lease term to HREIT when HREIT exercises the right under the promise, the asset owners shall mortgage the leased assets to HREIT in the amount of Baht 1,541,035,000.

The details of assets appear in Annex 1.

(2) The assets to be sold to HREIT are movable assets in the project leased out on a long term basis under clause (1) HREIT.

## 2. Rental fee and selling price of assets to HREIT

The rental fee and selling price of the assets to HREIT are proposed as follows

- (1) Rental in the amount of approximately Baht 1,687,500,772
- (2) Remuneration for exercise of the right under the promise in the amount of approximately Baht 100,000,000.
- (3) Price of selling the assets in the amount of approximately Baht 2,499,228

The said price does not include the value added tax, fee and expense for ownership transfer, lease registration fee, stamp duty to be posted on the lease agreement. HREIT shall be responsible for fee and expense for ownership transfer, lease registration fee, mortgage registration fee and value added tax as well as stamp duty to be posted on the lease agreement. The asset owners shall be responsible for corporate income tax from lease and sale.

The proposed price is fixed from reference to the appraised value of the five items of the assets appraised by two appraisers e.g. TAP Valuation Co., Ltd. pursuant to its appraisal report on 24 April 2017 and 15 Business Advisory Limited pursuant to its appraisal report on 1 May 2017. The summary of the appraisal value of the two appraisers appears in Annex 2.

The proposed price may vary in accordance with the negotiation between HREIT and Hemaraj taking into account of the book-building process of institutional investors in the offering of trust units of HREIT in its first capital increase and conditions of the assets to be leased and sold at that time as well as the adjustment of the appraisal value (if any).

**3. Undertaking Agreement in connection with long term lease and sale of assets**

For the long term lease and sale of the assets to HREIT mentioned above, the asset owners shall enter into the undertaking agreement to HREIT, the significant terms of which appear in Annex 3.

**4. Appointment to be Property Manager for long term lease and sale of assets to HREIT**

After the long term lease and sale of the assets to HREIT mentioned above, Hemaraj will be appointed as the property manager for the assets leased to HREIT for a period of 10 years with the following remuneration:

4.1 Management fee (excluding value added tax)

Period	Management fee
Years 1 - 5	1.75 percent of the income from operation
Years 6 - 10	5 percent of the income from operation



In case the agreement is extended, the management fee per year shall be 5 percent of the income from operation.

4.2 Commission fee for procuring lessees (in case Hemaraj refers or procures)

a. The commission fee for procuring or arranging new lessees to enter into the lease agreements and service agreements for the period of 3 years or more is equal to 1 (one) month rental HREIT will receive per lease agreement and service agreement into which such lessee enter with HREIT. In case the new lessees have the lease term less than 3 (three) years, Hemaraj will receive the commission fee as follows:

(1) In case the new lessees have the lease term of 1 (one) year or more but not reaching 3 (three) years, Hemaraj is entitled to receive the commission fee calculated proportionately to the actual lease term comparing the standard lease term of 3 (three) years.

(2) In case the new lessees have the lease term less than 1 (one) year and Hemaraj hires or assign agents or other persons to procure such lessees, Hemaraj is entitled to receive the commission fee calculated proportionately to the actual lease term comparing the standard lease term of 3 (three) years.

(3) In case the new lessees have the lease term less than 1 (one) year and Hemaraj procures such lessees itself without hiring or assigning agents or other persons to procure such lessees, Hemaraj is not entitled to receive the commission fee.

b. The commission fee for arranging the existing lessees to enter into the lease agreements and service agreements for the period of 3 years or more is equal to 0.5 (zero point five) month rental HREIT will receive per lease agreement and service agreement into which such lessee enter with HREIT. In case the new lessees have the lease term less than 3 (three) years, Hemaraj will receive the commission fee as follows:

(1) In case the existing lessees extend the lease term for 1 (one) year or more but not reaching 3 (three) years, Hemaraj is entitled to receive the commission fee calculated proportionately to the actual lease term comparing the standard lease term of 3 (three) years.



(2) In case the existing lessees extend the lease term for less than 1 (one) year and Hemaraj hires or assigns agents or other persons to arrange such existing lessees to extend the lease term, Hemaraj is entitled to receive the commission fee calculated proportionately to the actual lease term comparing the standard lease term of 3 (three) years.

(3) In case the existing lessees extend the lease term less than 1 (one) year and Hemaraj arranges such lessees to extend the lease term itself without hiring or assigning agents or other persons to arrange such lessees to extend the lease term, Hemaraj is not entitled to receive the commission fee.

## **6. Calculation of Transaction Size**

The transaction size of the long term lease and sale of assets to HREIT is approximately 2.28 percent pursuant to the value of consideration rule calculated from the consolidated financial statement of the Company as of 30 September 2017. During the past six months, the Company has one disposal transaction e.g. The disposal of assets to WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust ("WHART Trust"), the transaction size of which is at 4.17 percent pursuant to the value of consideration rule. Upon consolidation of the asset disposal to WHART Trust and the long term lease and sale of assets to HREIT, the total transaction size is 6.45 percent pursuant to the value of consideration rule

The detail of calculation appears in Annex 4. This is not regarded as a disposal transaction under the Notification of the Capital Market Supervisory Board No. Tor Jor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of The Board of Governors of The Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547). The Company is not required to prepare an information memorandum to be disclosed to the SET. This transaction does not fall within the related transaction.

## **B. Subscription of Trust Units of HREIT**

Hemaraj will subscribe for trust units of HREIT at no more than 20 percent of the funds raised from sale of trust units of HREIT in its first capital increase. The subscription amount is no more than Baht 221,244,800. The funds expecting to be raised from sale of trust units is no more than Baht 1,106,224,000. This will enable Hemaraj to hold no more than 20 percent of the funds raised from sale of trust units of HREIT. The funds to subscribe for such trust units is Hemaraj's capital, loan from financial institution



and proceeds from issuance of bonds (if any). The final trust unit subscription amount will depend on the final offer trust unit price of HREIT to be determined by the method of book-building process and other factors e.g. the appraisal value of the assets to be invested by HREIT pursuant to the appraisal report of the independent appraisers, the general market conditions and response from investors etc.

The transaction size of the trust unit subscription is 0.30 percent pursuant to the value of consideration rule calculated from the consolidated financial statement of the Company as of 30 September 2017. The details of calculation appear in Annex 5. During the past six months, the transaction size of land and asset acquisition is 1.46. Upon consolidation of the acquisition transaction in the past 6 months and the trust unit subscription, the total transaction size is 1.76 percent pursuant to the value of consideration rule calculated. This is not regarded as an acquisition transaction under the Notification on Acquisition and Disposal. The Company is not required to prepare an information memorandum to be disclosed to the SET. This transaction does not fall within the related transaction.

Please be informed accordingly.

Yours sincerely,

(Miss Jareeporn Jarukornsakun)  
Group Chief Executive Officer



**Summary of Frist Additional long term lease and sale of assets to HREIT**

Type of Asset	Detached Building Factory Assets		Attached Building Factory Assets		Warehouse Assets	
Nature of the HREIT's asset acquisition (overview)	Leasehold right of land and building for 30 years from the commencement date of the lease period and right to extend the lease for another 30 years					
	Land	Total area (approximately) 37-1-15.416	Land	Total area (approximately) 9-2-52	Land	Total area (approximately) 4-1-78.5
	Building	Totally, 7 units of approximately 30,056 Sq.m. of building area	Building	Totally, 12 units of approximately 17,496 Sq.m. of building area	Building	Totally, 2 units of approximately 7,579 Sq.m. of building area
Nature of the HREIT's asset acquisition separated by project / industrial estate	Hemaraj Eastern Seaboard Industrial Estate	3 units of approximately 17,632 Sq.m. of total area	Eastern Seaboard Industrial Estate (Rayong)	5 units of approximately 9,828 Sq.m. of total area	Hemaraj Logistics Park4	2 units of approximately 7,579 Sq.m. of total area
		Entirely leased by lessees		Entirely leased by lessees		Entirely leased by lessees
		Approximately 9,859 Sq.m. of usable rooftop area		Approximately 5,249 Sq.m. of usable rooftop area		Approximately 4,268 Sq.m. of usable rooftop area
	Eastern Seaboard Industrial Estate	2 units of approximately 5,944 Sq.m. of total area	Hemaraj Saraburi Industrial Land	5 units of approximately 5,616 Sq.m. of total area		
	Entirely leased by lessees		Entirely leased by lessees			



Type of Asset	Detached Building Factory Assets		Attached Building Factory Assets		Warehouse Assets
	(Rayong)	Approximately 3,053 Sq.m. of usable rooftop area		Approximately 2,938 Sq.m. of usable rooftop area	
	Hemaraj Saraburi Industrial Land	2 units of approximately 6,480 Sq.m. of total area	Hemaraj Chonburi Industrial Estate (HCIE)	2 units of approximately 2,052 Sq.m. of total area	
		Entirely leased by lessees		Entirely leased by lessees	
Approximately 3,456 Sq.m. of usable rooftop area	Approximately 1,058 Sq.m. of usable rooftop area				
Average age of building <sup>/1</sup>	5.43		3.55		3.71

Remark : <sup>/1</sup> as of 01Jun 2017

Average age of each type of buildings calculated from mean age of the buildings divided by their area in every project / industrial estates / Industrial parks.



## Attachment 2

The appraised value and benchmark price of the first additional long term lease and sale of assets to HREIT

The first additional long term lease and sale of assets to HREIT were appraised by two independent appraisers, namely, TAP Valuation Co., Ltd. and 15 Business Advisory Limited using the income approach-discounted cashflow, of which details are as follows:

Appraisal Price	The appraised value based on WHART structure using the income approach (THB million) <sup>/1</sup>	
	TAP Valuation Co., Ltd.	15 Business Advisory Limited
Approximate total of asset value under leasehold rights in accordance with the conditions of the REIT <sup>/2</sup>	1,545,070,000	1,537,000,000
benchmark price <sup>/3</sup>	1,690,000,000	
Higher than the lowest approximate appraisal price not exceeding (percentage)	9.95	

*Remark:* <sup>/1</sup> Cost estimate at 1 January 2018 which is expected to be the date on which HREIT will make its investment

<sup>/2</sup> Total asset value under leasehold rights in accordance with the conditions of the REIT was calculated under assumption that the REIT has a leasehold rights for the period of 30 years and it will extend such lease term to additional 30 years.

<sup>/3</sup> Benchmark price exclusive of VAT, fee and expense for ownership transfer, leasehold registration fee, revenue stamps and consideration of exercise of right under the promise in case that HREIT exercises the right to extend the leasehold period.

**Summary of Undertaking Agreement from the first additional long term lease and sale of assets to HREIT**

1. Summary of Undertaking Agreement of Hemaraj Land and Development Public Company Limited

Parties	Hemaraj Land and Development Public Company Limited (“Hemaraj”) and  Siam Commercial Asset Management Co., Ltd. in its capacity of the Trustee of Hemaraj Leasehold Real Estate Investment Trust (“HREIT)
Maintaining of Trust Unit Holding Ratio	During 3 (three) years from the date of commencement of the lease term under the Lease Agreement (“Trust Unit Holding Period”), Hemaraj agrees that its trust unit holding in HREIT and/or that of the persons in the same group, in aggregate, shall not less than 15 (fifteen) percent of the total trust units its first additional offer. Other terms shall be as agreed upon by both parties.
Agreement on conflict of interest	During the time Hemaraj acts as the property manager of HREIT, Hemaraj agrees with HREIT that whenever there are customers interesting in leasing factories and/or warehouses, Hemaraj will offer all assets to customers for consideration without classifying whose assets.

2. Summary of Undertaking Agreement of Asset Owners (every owner)

Parties	Hemaraj Eastern Seaboard Industrial Estate Co., Ltd., Hemaraj Eastern Seaboard Industrial Estate (Rayong) Co., Ltd. SME Factory Co., Ltd (“Asset Owners”) And Siam Commercial Asset Management Co., Ltd. in its capacity of the Trustee of Hemaraj Leasehold Real Estate Investment Trust (“HREIT)									
Asset Owners’ Covenant to compensate rental	<p>1. The Asset Owners agrees to compensate rental and service fee (collectively, “Rental”) from the assets which do not have tenants for a period of 3 years from the commencement date of the lease term under the Lease Agreement (“Compensation Period”) at the following rate:</p> <table border="1" data-bbox="550 1664 1366 1975"> <thead> <tr> <th>Type of Assets Leased</th> <th>Location</th> <th>Rate for compensation (Baht/ Sq.m. /Month)</th> </tr> </thead> <tbody> <tr> <td>Attached Building</td> <td>ESIE, HCIE, HSIL</td> <td>185</td> </tr> <tr> <td>Detached Building</td> <td>HESIE, ESIE, HSIL</td> <td>206</td> </tr> </tbody> </table>	Type of Assets Leased	Location	Rate for compensation (Baht/ Sq.m. /Month)	Attached Building	ESIE, HCIE, HSIL	185	Detached Building	HESIE, ESIE, HSIL	206
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	<table border="1" data-bbox="550 284 1364 358"> <tr> <td data-bbox="550 284 901 358">Warehouse</td> <td data-bbox="901 284 1136 358">HLP4</td> <td data-bbox="1136 284 1364 358">147</td> </tr> </table> <p data-bbox="502 387 1372 465">Both parties agree that the Asset Owners make the compensation on a quarterly basis. Other conditions shall be as agreed upon by both parties.</p> <p data-bbox="502 506 1372 685">2. The Asset Owners will compensate the shortfall from the minimum Rental ("Shortfall from Minimum Rental") to HREIT at any time during the Compensation Period if lessees lease the assets at the rate lower than the minimum Rental as follows:</p> <table border="1" data-bbox="550 701 1364 1041"> <thead> <tr> <th data-bbox="550 701 901 817">Type of Assets Leased</th> <th data-bbox="901 701 1136 817">Location</th> <th data-bbox="1136 701 1364 817">Minimum Rental (Baht/ Sq.m. /Month)</th> </tr> </thead> <tbody> <tr> <td data-bbox="550 817 901 891">Attached Building</td> <td data-bbox="901 817 1136 891">ESIE, HCIE, HSIL</td> <td data-bbox="1136 817 1364 891">185</td> </tr> <tr> <td data-bbox="550 891 901 965">Detached Building</td> <td data-bbox="901 891 1136 965">HESIE, ESIE, HSIL</td> <td data-bbox="1136 891 1364 965">206</td> </tr> <tr> <td data-bbox="550 965 901 1041">Warehouse</td> <td data-bbox="901 965 1136 1041">HLP4</td> <td data-bbox="1136 965 1364 1041">147</td> </tr> </tbody> </table> <p data-bbox="502 1070 1372 1200">The parties agree that the Shortfall from Minimum Rental be paid at the same as the lessees pay the monthly rental to HREIT. Other conditions shall be as agreed upon by both parties.</p> <p data-bbox="502 1240 1372 1370">The said compensation shall not apply to the lease and service agreements entered into with the lessees or extended on or before the date the Undertaking Agreement is effective.</p>	Warehouse	HLP4	147	Type of Assets Leased	Location	Minimum Rental (Baht/ Sq.m. /Month)	Attached Building	ESIE, HCIE, HSIL	185	Detached Building	HESIE, ESIE, HSIL	206	Warehouse	HLP4	147
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Detached Building	HESIE, ESIE, HSIL	206														
Warehouse	HLP4	147														
<p data-bbox="188 1397 475 1527">Responsibility to Pay Maintenance/Modification Expenses</p>	<p data-bbox="502 1397 1372 1731">During the period of 5 (five) years from the date of commencement of the lease term, the Asset Owner shall be responsible for expense of improvement maintenance and/or modification of assets invested by HREIT to the extent of being material assets. The Asset Owner shall not be responsible for expense of improvement and/or modification of assets in case such improvement and/or modification is caused by default of lessees. Other conditions shall be as agreed upon by both parties.</p>															

Details of the transaction size of the first additional long term lease and sale of assets to HREIT

1. The transaction size of the first additional long term lease and sale of assets to HREIT is calculated as follows:

Rules	Formula	Transaction Size
1. Net Tangible Asset	Not be able to be calculated.	
2. Net Profit	Not be able to be calculated because the transaction is to dispose the assets and the Company will receive cash from the sale.	
3. Total value of consideration	$\frac{\text{Rental and Selling Price}}{\text{Book value of total assets}} \times 100$	$\frac{1,690,000,000 *}{74,147,482,096} \times 100 = 2.28\% **$
4. Total value of securities	Not be able to be calculated because the transaction is to dispose and the assets and the Company and will receive cash from such disposal without issuing shares.	

\*Excluding the remuneration in case HREIT exercises the right to extend the lease term.

\*\*The said percentage is the estimation since the rental and selling price is estimated and then may be varied.

2. The transaction size of the asset disposal in the past 6 months since 30 November 2017 (1 June 2017 – 30 November 2017)

The disposal of assets to WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust, the transaction size of which is at 4.17 percent pursuant to the value of consideration rule. The said transaction was publicized in the news dissemination system of Stock Exchange of Thailand on 13 November 2017.

3. Total transaction size of the asset disposal combined from Clauses 1. and 2.

The combined transaction size of Clauses 1. and 2. is 6.45 percent of the total assets value.

## Annex 5

### Details of Calculation of Size of Trust Unit Subscription of HREIT for Its First Capital Increase

Rules	Formula	Transaction Size
1. Net Tangible Asset	Not be able to be calculated.	
2. Net Profit	Not be able to calculate because of being trust unit subscription	
3. Total value of consideration	$\frac{\text{Unit trust subscription amount}}{\text{Book value of total assets}} \times 100$	$\frac{221,244,800}{74,147,482,096} \times 100 = 0.30\%$
4. Total value of securities	Not be able to calculate because the transaction is to subscribe for trust units without issuing shares.	

\*Excluding the remuneration in case HREIT exercises the right to extend the lease term.

\*\*The said percentage is the estimation since the final subscription price will be fixed later on.