

Projected Income and Distribution Statements

For the Year from 1 January 2021 to 31 December 2021

HEMARAJ LEASEHOLD REAL ESTATE INVESTMENT TRUST

PROJECTED INCOME AND DISTRIBUTION STATEMENTS

FOR THE YEAR FROM 1 JANUARY 2021 TO 31 DECEMBER 2021



AUDITOR'S REPORT

To WHA Industrial REIT Management Co., Ltd. as the Trust manager of Hemaraj Leasehold Real Estate Investment Trust ("the Trust")

I have examined the projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 ("the projected income and distribution statements") of Hemaraj Leasehold Real Estate Investment Trust ("the Trust") in accordance with the Thai Standard on Assurance Engagements 3400, "The examination of prospective financial information". Management is responsible for the preparation and presentation of the projected income and distribution statements which comprise the projected income and distribution statements, and notes to the projected income and distribution statements and including the significant assumptions set out in Note 2 and accounting policies set out in Note 5.

The projected income and distribution statements have been prepared for the purpose of submitting to Securities and Exchange Commission of Thailand to consider approval on the additional investment no. 3 in leasehold rights of land, factories, and warehouses of projects. As the leasehold rights has not yet been transferred to the Trust, in order to assess the future performance of the Trust, the assumptions that are used for the projected income and distribution statements include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are warned that the projected income and distribution statements may not be appropriate for any purpose other than that described above.

Based on my examination of the evidence supporting the significant assumptions, nothing has come to my attention which causes me to believe that these significant assumptions do not provide a reasonable basis for the projected income and distribution statements. Furthermore, in my opinion, the projected income and distribution statements have been properly prepared on the basis of significant assumptions, and are consistent with the accounting policies of the Trust as set out in the notes to the projected income and distribution statements.

Events and circumstances anticipated under the significant assumptions set out in Note 2 frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the projections since other anticipated events frequently do not occur as expected and this variation may be material. Actual results may therefore differ materially from those projected. For these reasons, I do not express any opinion on the possibility that the projected income and distribution statements to unitholders will achieve what these projections suggest.

Restriction on use

The auditor's report has been prepared for WHA Industrial REIT Management Co., Ltd. as the Trust manager for the purpose of submitting to Securities and Exchange Commission of Thailand to consider approval on the additional investment no. 3 in leasehold rights of land, factories, and warehouses of projects. It is not for other purpose. I do not have the duty or accept any responsibility for this information being used by other parties or for any other purpose than that described in this report.

Chanchai Chaiprasit
Certified Public Accountant (Thailand) No. 3760
Bangkok
14 May 2020

Hemaraj Leasehold Real Estate Investment Trust
Projected Income and Distribution Statements
For the year from 1 January 2021 to 31 December 2021

	Notes	Existing Properties Million Baht	Properties after the additional investment no. 3 Million Baht
Rental and service income	2.1	686.85	790.56
Other income	2.2	0.95	1.10
Total revenue		687.80	791.66
Property management fee	2.3	47.52	52.70
Net property income		640.28	738.96
Management fee and trust management expenses	2.4	40.66	44.86
Amortisation of issuance costs	2.5	12.04	12.04
Issuance costs for the additional investment no.3	2.6	-	44.13
Interest expenses	2.7	114.62	123.43
Net profit available for benefits distribution		472.96	514.50
<u>Add back (deduct)</u> Non-cash rental and service income		0.30	(0.29)
<u>Deduct</u> Deferred property management fee		(1.30)	(1.30)
<u>Add back</u> Interest payable and prepaid bank fees		3.82	22.52
Net cash available for benefits distribution		475.78	535.43
<u>Add back</u> Excess liquidity from amortisation of issuance costs		12.04	12.04
<u>Add back</u> Excess liquidity from issuance costs for the additional investment no.3		-	44.13
<u>Deduct</u> Value added tax payable		(3.69)	(2.22)
Net cash available for benefits distribution and capital reduction		484.13	589.38
Projected benefits distribution and capital reduction rate (%)	2.8	97.00	97.00
Projected net cash for benefits distribution and capital reduction		469.61	571.70
Projected distribution of benefits and capital reduction			
- Benefits distribution		469.61	514.50
- Capital reduction		-	57.20
Benefits distribution and capital reduction		469.61	571.70
Number of trust units (million units) ¹		702.63	830.53
Projected benefits distribution and capital reduction per unit (Baht)			
- Benefits distribution per unit		0.67	0.62
- Capital reduction per unit		-	0.07
Benefits distribution and capital reduction per unit		0.67	0.69
For unrealised loss on devaluation of straight-line leasehold rights² (Baht)			
- Benefits distribution per unit		0.43	0.39
- Capital reduction per unit		-	0.07
- Straight-line capital reduction per unit		0.24	0.23
Benefits distribution and capital reduction per unit		0.67	0.69

¹ The number of trust units is for illustrative purpose only. The final issuing and offering number of trust unit may be more, less or equal to the projection.

Hemaraj Leasehold Real Estate Investment Trust
Projected Income and Distribution Statements
For the year from 1 January 2021 to 31 December 2021

² Where there is a reduction in the appraised values of the leasehold rights of the existing properties under the Trust for the initial investment and the additional investment no. 1 and no. 2, an unrealised loss on devaluation of leasehold rights will be recognised on the assumption that the loss is equal to the outstanding balance of leasehold rights after amortisation, using the straight-line method over the lease term. However, the values of leasehold rights at the end of the period depend on the appraised values determined by independent appraisers. There are many factors that affect the calculation of values of leasehold rights e.g. the rental rate, growth rate in rental income, discount rate, etc., which may increase, decrease or leave the values of leasehold rights the same. Therefore, the projected benefits distribution and capital reduction per unit using straight-line method as set out above (amortising the values of leasehold rights consistently over the lease term) is an example of the potential impact if the values of leasehold rights are amortised consistently throughout the lease term only.

1 General information

Hemaraj Leasehold Real Estate Investment Trust ("the Trust") was established on 21 November 2016, with its stated objective being to seek funds from general investors for the investment in leasehold properties and generating benefit from such properties including improving, altering, developing or disposing of other assets in which the Trust invests or possesses whether by way of lease, sub-lease or sale or other processes for the benefits of the property and to generate revenue and returns to the Trust and the unitholders. This includes the investment in other assets or other securities and/or seeking other interests by other means as stipulated in the securities laws or other relevant laws.

The projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 have been prepared for the inclusion in the prospectus to the Securities and Exchange Commission of Thailand for the additional investment no. 3 of 5 projects from WHA Industrial Development Public Company Limited and its affiliates which are owners of the freehold rights of the properties of the additional investment no. 3 (together "the Property owner"). Therefore, these projected income and distribution statements should not be used for other objectives than stated above.

The projected income and distribution statements have been approved by the Board of Director of WHA Industrial REIT Management Co., Ltd. on 14 May 2020.

The Trust's existing properties comprise 7 projects of the leasehold rights of lands and buildings, including warehouses, factories and other properties which are components of lands and buildings, tools, equipment, infrastructures and other related and necessary assets for the use of lands and buildings, approximate leasable area of buildings 332,505 square metres and approximate leasable area of buildings' roof 179,648 square metres for generation and distribution of electricity business from solar energy systems.

The additional investment no. 3 comprises 5 projects of the leasehold rights of land and buildings, including warehouses, factories and other properties which are components of lands and buildings, tools, equipment, infrastructures and other related and necessary assets for the use of lands and buildings, approximate leasable area of buildings 48,787 square metres.

The details of the Trust's existing properties and the additional assets for the investment no. 3 are as follows:

Project	Buildings area (square metres)	Percentage of total area
The Trust's existing properties		
1) WHA Eastern Seaboard Industrial Estate 1 (WHA ESIE 1)	127,508	33.44
2) Eastern Seaboard Industrial Estate (Rayong) (ESIE)	57,752	15.15
3) WHA Chonburi Industrial Estate 1 (WHA CIE 1)	17,712	4.65
4) WHA Saraburi Industrial Land (WHA SIL)	28,012	7.35
5) WHA Logistics Park 1	16,820	4.40
6) WHA Logistics Park 2	50,996	13.37
7) WHA Logistics Park 4	33,705	8.84
Total of the Trust's existing properties	332,505	87.20
The additional assets for the investment no. 3		
1) WHA Eastern Seaboard Industrial Estate 1 (WHA ESIE 1)	23,320	6.12
2) WHA Chonburi Industrial Estate 1 (WHA CIE 1)	6,864	1.80
3) WHA Saraburi Industrial Land (WHA SIL)	9,702	2.54
4) WHA Logistics Park 2	5,124	1.34
5) WHA Logistics Park 4	3,777	1.00
Total of additional assets for the investment no. 3	48,787	12.80
Grand total	381,292	100.00

2 Significant assumptions

The projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 are based on assumptions that the Trust manager and the Property owners consider appropriate and reasonable at the date of preparation of these projected income and distribution statements. However, investors should consider these assumptions as well as the projected income and distribution statements and make their own assessment of the future performance of the Trust.

The projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 present future performance of the Trust under the assumptions stated below.

Existing Properties

The Trust does not make additional investment. Thus, the projected income and distribution statements will be the future performance of the existing properties of the Trust as at 29 February 2020.

Properties after the additional investment no. 3

The Trust will make additional investment no. 3 which comprise of 5 projects of the leasehold rights. Therefore, the projected income and distribution statements will be the future performance of the Trust's existing properties and the additional properties from the investment no. 3.

2.1 Rental and service income

Land and buildings

Existing Properties

The income is based on the leasable areas, rental and service rates under the rental and service agreements, or letter of intention as at 29 February 2020 and expected renewal of rental and service agreements of the Trust. While the assumptions of occupancy rate after the agreements expire are based on several key factors include rental and service rate of the current agreements, rental and service incremental rate in case of renewal of rental and service agreements (if applicable), property valuation data according to appraisal reports of independent appraisers based on the type of the properties. The assumption of occupancy rate during the projected period in each project is in range between 74% and 94% for the leasable area after agreements expire. Compensated income for vacant area or minimum rental and service income guaranteed by the Property owners are also taking into consideration as follows:

	<u>Additional investment no. 1</u>	<u>Additional investment no. 2</u>
Compensated income per square metre per month (Baht)		
- Factories - Attached building	185	193
- Factories - Detached building	206	210
- Warehouses	147	-
Expired compensated date	3 January 2021	23 December 2021

Properties after the additional investment no. 3

The income is based on the leasable areas, rental and service rates under the rental and service agreements, or letter of intention as at 22 April 2020.

For vacant area of 3,260 square metres of building D.46, WHA Eastern Seaboard Industrial Estate 1 (WHA ESIE 1) and area of 5,124 square metres of building B.10, WHA Logistics Park 2, and leasable area under the rental and service agreements which will expire in 2021, total areas of 10,218 square metres, the income is based on the compensation for vacant area or minimum rental and service income guaranteed by the Property owners for 3 years from the acquisition date as follows:

	<u>Additional investment no. 3</u>
Compensated income per square metre per month (Baht)	
- Factories - Attached building	164
- Factories - Detached building	189
- Warehouses	150

Buildings' roof

The roof rental income of the initial investment and the additional investment no. 1 is based on the sub-lease agreements between the Trust and WHA Utilities and Power Public Company Limited. The rental rate at Baht 3 per square metre per month with 6% rental rate growth every 3 years. The existing rental agreements cover at least 85% of the total roof areas for three years. When the agreements expire, in case the Trust wishes the sub-lessee to continue the sub-lease, the sub-lessee undertakes to renew the agreements for 4 more terms at the period of 3 years per term, altogether of 15 years from the beginning of the sub-lease period.

The roof rental income of the additional investment no. 2, WHA Industrial Development Public Company Limited or Property owner consents to undertake the rental fees for the vacant roof area at the rental rate of Baht 3 per square metre per month with 6% rental rate growth every 3 years throughout the undertake period of 15 years.

2.2 Other income

The Trust generates interest income from investing cash generated from rental and service income and deposits received from clients in short-term investment. Interest is recognised on an accrual basis and calculated at assumed 0.14% per annum.

2.3 Property management fee

Property management fee comprises property maintenance expenses, insurance premium, security service expenses, central utilities expenses, other property related expenses including commission expenses, and compensation paid to the property manager (exclusive of value added tax, specific business tax or any other similar taxes). According to the Trust's existing property management agreement and the summary of the draft agreement to appoint the property manager for the additional investment no. 3, the rate during 1st to 5th year is at 1.75% per annum and during 6th to 10th year is at 5.00% per annum of the rental and service income (excluding compensated income, roof rental income, and value added tax).

2.4 Management fee and trust management expenses

Management fee	The Trust manager is entitled to receive a monthly remuneration at a rate not exceeding 0.75% per annum (exclusive of value added tax) of the net asset value of the Trust as calculated by the Trust manager and verified by the Trustee and shall not be less than Baht 12.5 million per annum.
Trustee fee	The Trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.75% per annum (exclusive of value added tax) of the net asset value of the Trust as calculated by the Trust manager and verified by the Trustee and shall not be less than Baht 8.0 million per annum.
Registrar fee	The Investment Unit Registrar is entitled to receive a yearly remuneration at a rate not exceeding 0.50% per annum of the registered capital of the Trust.
Other administrative expenses	Comprise registration fees with the Stock Exchange of Thailand, audit fees, consultation fees, asset appraisal fees, property survey fees and other miscellaneous expenses. These expenses are calculated based on existing service quotations and estimated other expenses that may be incurred in future.

2.5 Amortisation of issuance costs

Issuance costs comprise filing fees, application fees, fees for other professional advisors in relation to issuing and offering of trust's unit, acquisition fees of the Trust's main assets, and other fees in relation to the investment of properties in past. The actual such fees are recorded as assets and amortised as an expense in the projected income and distribution statements using straight-line method over the period of 5 years.

2.6 Issuance costs for the additional investment no. 3

Issuance costs comprise fees for other professional advisors in relation to issuing and offering of trust's unit and other fees which are not direct transaction costs attribute to assets, liabilities or equity in relation to the additional investment no. 3. They are based on the relevant agreements as of the reporting date and certain expenses are based on historical data.

2.7 Interest expenses

Interest expenses incurred from long-term borrowings are recognised by using the effective interest rate method. Interest rate assumptions of long-term borrowings are rates not exceeding MLR minus 1.50% per annum.

2.8 Projected benefits distribution and capital reduction rate

Projected benefits distribution and capital reduction are calculated based on the assumed projected benefits distribution and capital reduction rate for the Trust's existing properties of not less than 97.00% of net cash available for benefits distribution and capital reduction. The net profit available for benefits distribution is adjusted with non-cash rental and service income, deferred property management fee, non-cash interest expense, excess liquidity from amortisation of issuance costs, excess liquidity from issuance costs for the additional investment no. 3, value added tax payable, and unrealised gain or loss from changes in fair value of properties from annual revaluation (if any). The actual benefits distribution and capital reduction rate may differ from the projected rate subject to the Trust manager's consideration.

2.9 New financial reporting standards

The projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 have been prepared in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand (accounting guidelines). For the areas not covered by the accounting guidelines, the Trust applies the requirements in accordance with Thai Financial Reporting Standards issued by the Federation of Accounting Professions.

2.10 Other assumptions

The projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 are prepared on other assumptions as follows:

- 1) No change in properties during the projected year
- 2) No change in fair value of investment in properties during the projected year
- 3) No further capital raised during the projected year
- 4) No capital expenditure during the projected year
- 5) No significant change in taxation legislation and other applicable legislations during the projected year
- 6) All letter of intention, agreements or draft agreements are enforceable and complied
- 7) No estimated tax expenses as the Trust is exempted from corporate income tax
- 8) All lessees follow the rental and service agreements and the draft rental and service agreements
- 9) No property tax for the additional properties related to the additional investment no. 3 during the projected year since the Property owners bear such tax expenses for 3 years from the beginning of the leased period

3 Property appraisals

The investment in properties and property leasehold rights are stated at fair value with no depreciation charge in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand. The Trust will conduct an appraisal of the properties every two years from the date of the acquisition or latest appraisal and will update appraisals with a review every year after the date of the latest appraisal.

The property values used in the projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 are their fair values appraised in May 2019 or February 2020 by independent appraisers. The unrealised gain from changes in fair value of property and leasehold rights does not have impact on the benefits distribution of the Trust for the projected year ended 31 December 2021 as the calculation of the benefits distribution excludes unrealised gain on revaluation. However, the unrealised loss from changes in fair value of property and leasehold rights has an impact on the benefits distribution of the Trust as the calculation of the benefits distribution includes the unrealised loss on revaluation.

4 Sensitivity Analysis

The projected income and distribution statements are prepared based on essential assumptions that have been outlined above. The main factor which significantly impacts the projected income and distribution statements is the rental and service fee rate of renewal agreements or new lessees.

Investors should be aware that future events cannot be predicted with any certainty and actual performance may differ from the projected income and distribution statements. The sensitivity analysis is intended to assist investors in assessing the impact of the main factor on the projected income and distribution statements.

The sensitivity analysis is for illustrative purposes only. Variations between actual performance and performance presented in the projected income and distribution statements could exceed the sensitivity ranges presented below. Moreover, impacts from other variables may increase or decrease variations between actual performance and projected performance.

Rental and service fee rates of renewal agreements or new lessees

There are several factors that affect rental and service rates after the current rental and service agreements expire. Such factors include rental and service rate of the current agreements, rental and service incremental rate in case of renewal of rental and service agreements (if applicable), property valuation data according to appraisal reports of independent appraisers based on the location of the properties. Changes in the rental and service fee rate impact the projected income and distribution statements for the year from 1 January 2021 to 31 December 2021 as follows:

Existing Properties

	<u>1% lower than base case</u>	<u>Base case</u>	<u>1% higher than base case</u>
Projected benefits distribution and capital reduction (Million Baht)			
- Benefits distribution	468.05	469.61	471.17
- Capital reduction	-	-	-
Benefits distribution and capital reduction	<u>468.05</u>	<u>469.61</u>	<u>471.17</u>
Projected benefits distribution and capital reduction per unit (Baht)			
- Benefits distribution per unit	0.67	0.67	0.67
- Capital reduction per unit	-	-	-
Benefits distribution and capital reduction per unit	<u>0.67</u>	<u>0.67</u>	<u>0.67</u>

Properties after the additional investment no. 3

	<u>1% lower than base case</u>	<u>Base case</u>	<u>1% higher than base case</u>
Projected benefits distribution and capital reduction (Million Baht)			
- Benefits distribution	512.97	514.50	516.03
- Capital reduction	57.29	57.20	57.10
Benefits distribution and capital reduction	<u>570.26</u>	<u>571.70</u>	<u>573.13</u>
Projected benefits distribution and capital reduction per unit (Baht)			
- Benefits distribution per unit	0.62	0.62	0.62
- Capital reduction per unit	0.07	0.07	0.07
Benefits distribution and capital reduction per unit	<u>0.69</u>	<u>0.69</u>	<u>0.69</u>

However, the projected benefits distribution is not considered the effect of the increase (decrease) of the properties' valuation of the Trust. The projected benefits distribution and capital reduction rate are the projection for the year from 1 January 2021 to 31 December 2021 and cannot be guaranteed that the rate will be as projected.

5 Accounting policies

The principal accounting policies adopted in the preparation of these projected income and distribution statements are set out below:

5.1 Basic of the projected income and distribution statements preparation

The projected income and distribution statements have been prepared in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand (accounting guidelines). For the areas not covered by the accounting guidelines, the Trust applies the requirements in accordance with Thai Financial Reporting Standards issued by the Federation of Accounting Professions.

The projected income and distribution statements only contain information relating to the projected income and distribution statements, projected rental and service income and net profit from each asset unit, related assumptions and notes to the projected income and distribution statements. However, the projected income and distribution statements do not contain the complete set of financial statements and related notes to financial statements. Therefore, the projected income and distribution statements do not present fairly the financial positions, results of operations and cash flows in accordance with Thai Financial Reporting Standards.

5.2 Revenues and expenses recognition

Rental and service income under lease agreements of the Trust is recognised by using the straight-line method over the rental and service agreements.

Interest income and expenses are recognised on an accrual basis.

Interest expenses are recognised on the effective interest rate method.

5.3 Issuance costs

Issuance costs incurred before 1 January 2020 are recognised as deferred expenses and amortised as an expense over a period of 5 years on a straight-line basis.

Issuance costs incurred after 1 January 2020 are recognised as expense immediately, except expenditures that are direct transaction costs attribute to assets, liabilities or equity, will be accounted for incremental costs of the assets or a deduction from the liabilities or the equity.

5.4 Investments in properties

The investments in leasehold land, buildings and equipment are stated at fair value with no depreciation charge. The initial costs of properties have been stated at fair value of the acquisition price plus associated costs. The fair value is based on the appraisal value determined by the independent professional appraisers licensed by the Securities and Exchange Commission Thailand. The Trust will conduct an appraisal of the properties every two years from the date of the acquisition or latest appraisal and will update appraisals with a review every year after the date of the latest appraisal.

A change in the fair value of investment in properties will be recognised in the projected income and distribution statements as an unrealised gain or loss for the period in which it arises.

5.5 Distribution

For distribution payment to unitholders, the Trust manager will announce to pay benefits distribution and set unitholders register's book closing date.

5.6 Income taxes

The Trust is exempted from Thailand corporate income tax. No provision for corporate income tax has been made in the projected income and distribution statements.

6 An English version

While every effort has been made to ensure consistency in translation between the Thai and the English version of the projected income and distribution statements, differences may nonetheless exist. In the event of discrepancy in interpretation between the two languages, the Thai language version of the projected income and distribution statements shall prevail.