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[Translation]



Rojana Industrial Park PCL

Opinion of independent financial adviser

Acquisition of assets

14 October 2014



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Glossary

Company / Entity

GTSL or the IFA	Grant Thornton Services Ltd.
ROJNA or the Company	Rojana Industrial Park PCL
ENERGY	Rojana Energy Co., Ltd.
OEG	Operational Energy Group Ltd.
PPC	Rojana Property Co., Ltd.
PRACHINBURI	Prajinburi Rojana Industrial Park Co., Ltd.
RAYONG 2	Pluak-Daeng Industrial Park Co., Ltd.
RIM	Rojana Industrial Management Co., Ltd.
RP	Rojana Power Co., Ltd.
TICON	TICON Industrial Connection PCL
TPARK	TICON Logistics Park Co., Ltd.
TFUND	TICON Property Fund
TGROWTH	TICON Industrial Growth Leasehold Property Fund
TLOGIS	TPARK Logistics Property Fund
CBRE	CB Richard Ellis (Thailand) Co., Ltd.
EGAT	Electricity Generating Authority
PEA	Provincial Electricity Authority
The SET	The Stock Exchange of Thailand
The SEC	The Securities and Exchange Commission

Other

DCF	Discounted cash flow
GDP	Gross domestic product
General Mandate	Capital increase under general mandate
NTA	Net tangible assets
P/BV	Price-to-book value
P/E	Price-to-earnings
REIT	Real Estate Investment Trust
ROJNA-W2	Warrants of Rojana Industrial Park PCL No. 2
ROJNA-W3	Warrants of Rojana Industrial Park PCL No. 3
TICON-T1	Transferable Subscription Rights of TICON Industrial Connection PCL No. 1
TICON-T2	Transferable Subscription Rights of TICON Industrial Connection PCL No. 2
TICON-W3	Warrants of TICON Industrial Connection PCL No. 3
TICON-W4	Warrants of TICON Industrial Connection PCL No. 4
TICON-W5	Warrants of TICON Industrial Connection PCL No. 5
TICON-W6	Warrants of TICON Industrial Connection PCL No. 6
The Transaction	The acquisition of TICON shares
The Remaining Shares	The newly issued common shares remaining from the exercise of the Transferable Subscription Rights of TICON Industrial Connection PCL No. 2 of 25.09 million shares
The Additional Shares	The common shares of TICON Industrial Connection PCL that Rojana Industrial Park PCL will acquire in the Stock Exchange of Thailand from 26.07% of total voting rights

[Translation]

This document is translated solely for convenience purpose. In the event of any inconsistency, the Thai version should be relied upon as official and definitive.

14 October 2014

Subject Opinion of the independent financial adviser regarding the acquisition of assets
To Audit committee and shareholders
 Rojana Industrial Park Public Company Limited

The board of directors meeting of Rojana Industrial Park PCL (“ROJNA” or “the Company”) no. 8/2014 on 30 September 2014 had the resolution to arrange the extraordinary general shareholders’ meeting no. 1/2014 to consider and approve the following transactions:

1. The acquisition of ordinary shares of TICON Industrial Connection PCL (“TICON”) traded in the stock exchange in addition to the current percentage of shareholding of 26.07% of total voting rights of TICON (the “Additional Shares”). This acquisition will be done through the trading system of the Stock Exchange of Thailand (the “SET”). The number of the Additional Shares in this acquisition shall not exceed 22.93% of total voting rights of TICON. The number of the Additional Shares including the shares currently held by the Company shall not exceed 49% of total voting rights. In addition, the transaction must comply with related regulations and notifications of the SET and/or the Security and Exchange Commission (the “SEC”) e.g. the rules on acquisition and disposition of assets, etc. The Company will acquire the Additional Shares at the market price of TICON share traded in the SET within 1 year after the shareholders’ meeting approve the acquisition of the Additional Shares. The acquisition price will be the market price of TICON traded in the SET, but the share price shall not exceed the average of closing price of 5 business days of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. In any case, the maximum price will not exceed THB 22 per share. The Company plans to use cash flow from operating activities, credit facilities from financial institutions and/or issuance and offering of new shares as sources of fund.
2. The increase of registered capital from THB 1,597.63 million to THB 1,997.04 million by issuing 399.41 million ordinary shares with par value of THB 1 per share.
3. The allotment of ordinary shares of the Company not exceeding 399.41 million shares with par value of THB 1 per share to the existing shareholders (rights offering) by the ratio of 4 existing shares to 1 new share at the offering price of THB 7 per share.

The acquisition of the Additional Shares is considered to be the acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules and Procedures for the Acquisitions and Disposition of Assets of Listed Companies and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Acts of Listed Company Concerning the Acquisition or Disposition of Assets B.E. 2547. Based on such notifications (together as “the Notifications regarding Acquisition or Disposition of Asset”), The Company is required to calculate the size of transaction by including other transactions over the past 6 months, namely (1) the acquisition of ordinary



shares of TICON for 36 million shares from the acquisition and exercise of TICON-T2 in addition to the rights offering (2) the acquisition of ordinary shares of TICON remaining from the exercise of TICON-T2 for 25.09 million shares and (3) the acquisition of the Additional Shares.

In the case that the Company acquires the Additional Shares of TICON for not less than 1.01% of total voting rights, the size of these three transactions calculated by 4 criteria referred in the notification will be equal to or more than 50%, the highest value according to the net profit criteria. This transaction is considered as Class 1 transaction which is the transaction between a listed company and another listed company with the size of equal to or more than 50%. Class 1 transaction requires the approval of the Company's board of directors and shareholders' meeting.

Thus, the Company is required to disclose relevant information regarding the transaction to the SET and convene the shareholders' meeting to obtain approval. The approval to enter into the Transaction must be at least three-fourths of total votes of shareholders attending the meeting with voting rights excluding shareholders who have beneficial interest. The Company also appointed Grant Thornton Services Ltd. ("GTSL" or the "IFA") as an independent financial adviser to provide opinions regarding this transaction (the "Transaction")

As an independent financial adviser approved by the SEC and independent from the Company, GTSL has studied the transaction based on the information disclosed by the Company and other related companies, public information, financial statements of the Company and other related companies which are audited or reviewed by certified public accountant, as well as interview with the management and officers of the Company and other related companies. The IFA's opinion is based on the assumption that all received information, documents and drafts of documents are complete, accurate and valid. This opinion is also based on the current situation. Any deviation in circumstances and/or any situations and/or any invalid information that significantly affect the business operation and financial forecast of the Company may have an impact on the opinion of the IFA. The IFA has no responsibility to update, revise and confirm this IFA's opinion.

The IFA has performed due diligence and analysis with prudence under the professional standards. The appendices of this report are a part of the report and should be considered by audit committee and shareholders together with this report.

Thus, the IFA summarises the opinion regarding the Transaction for shareholders to consider for the extraordinary general shareholders' meeting no. 8/2014 as follows.



1. Executive summary

Rojana Industry Park Public Company Limited (“ROJNA” or “the Company”) has invested in the ordinary shares of TICON remaining from the exercise of Transferable Subscription Right No. 2 (“TICON-T2”) for 25.09 million shares (the “Remaining Shares”). These ordinary shares were offered to the Company by private placement at the offering price of THB 18.53, which is the weighted average of market price of TICON traded in the stock exchange over 7 trading days before the extraordinary general shareholders’ meeting no. 1/2014 of TICON on 29 September 2014. After the acquisition of the Remaining Shares, the shareholding of the Company in TICON increased from 24.34% to 26.07%, which exceeds the trigger point of 25% which the Company is required to make a tender offer for all securities of TICON. However, the Company applied for a waiver of making a tender for all securities of TICON by virtue of the resolution of the shareholders’ meeting of TICON (Whitewash). The extraordinary general shareholders’ meeting approved the allotment of the ordinary shares and the whitewash. The acquisition of the Remaining Shares was settled on 7 October 2014 with the total amount of THB 464.86 million.

After the acquisition of the Remaining Shares, the Company also plans to acquire additional shares of TICON (the “Additional Shares”). The Company’s board of directors’ meeting no. 8/2014 on 30 September 2014 had the resolution to approve and propose the acquisition of the Additional Shares of TICON through the SET to the shareholders’ meeting. Details are as follows.

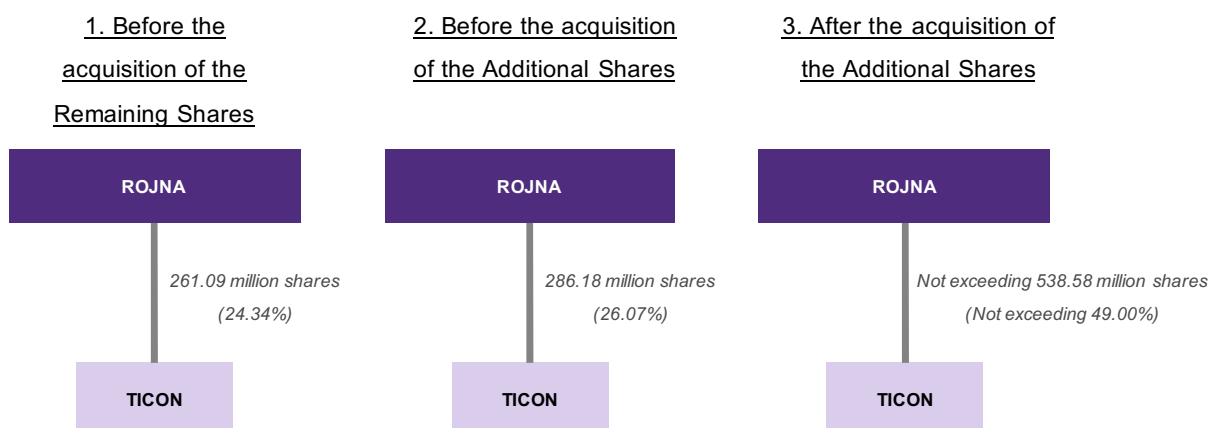
Table 1-1: Details of the acquisition of the Additional Shares

No. of total paid-up shares of TICON after the Remaining Shares	1,097.89 million shares
No. of shares held by the Company (before acquisition of the Additional Shares)	286.18 million shares
Percentage of shareholding before the acquisition of the Additional Shares	26.07% of total voting rights of TICON
No. of the Additional shares expected to be acquired	Not exceeding 22.93% of total voting rights of TICON. The maximum number of the Additional Shares to acquire together with the number of shares held prior to the acquisition of the Additional Shares shall not cause the percentage of ROJNA in TICON to be more than 49.00% of total voting rights of TICON. Such share acquisition should not be over THB 5,552.78 million (if TICON-W6 are fully exercised. The number of shares held by the Company shall not exceed 49% of total voting rights. The maximum price will not exceed THB 22 per share.) In addition, to acquire the Additional Shares, the Company is required to follow the related criteria and guidelines of the Stock Exchange of Thailand (the “SET”) and/or the Securities and Exchange Commission (the “SEC”), including Criteria for Acquisition and Disposal of Assets, etc.
Percentage of shareholding after the acquisition of the Additional Shares	not exceeding 49.00% of total voting rights of TICON The Company has no policy to change the board of directors or the management team of TICON.
Acquisition price per share	Market price per share of ordinary shares of TICON traded in the SET at the time of the acquisition, in any case, the acquisition price shall not exceed THB 22 per share
Period to acquire the Additional Shares	Within 1 year after approval of the acquisition of the Additional Shares from the shareholders’ meeting
Method to acquire the Additional Shares	Via trading system of the SET
Source of funds	Operating cash flow of the Company, credit facilities from financial institutions and/or issuance and offering of new shares of the Company



From the above transaction, the change in shareholding structure of the Company can be illustrated in the following diagram.

Figure 1-1: Summary of change of shareholding structure of ROJNA



Note: No. of shares after the acquisition of the Additional Shares under the assumption that TICON-W6 is fully exercised since the exercised price is below the price of TICON stock in the SET

The Transaction is considered to be an acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules and Procedures for the Acquisitions and Disposition of Assets of Listed Companies, 31 August B.E. 2551, and the Notification of the Stock Exchange of Thailand No. BorJor/Por 21-01 Re: Disclosure of Information and Acts of Listed Company Concerning the Acquisition or Disposition of Assets B.E. 2547, 29 October B.E. 2547, as well as other related notifications. Based on such notifications, the Company is required to calculate the size of transaction by including other transactions over the past 6 months, namely (1) the acquisition of ordinary shares of TICON for 36 million shares from the acquisition and exercise of TICON-T2 in addition to the rights offering (2) the acquisition of the Remaining Shares for 25.09 million shares and (3) the acquisition of the Additional Shares.

In the case that the Company acquires the Additional Shares of TICON for not less than 1.01% of total voting rights (or approximately 11.06 million shares), the size of these three transactions calculated based on the financial figures in the 2nd quarter of 2014 by 4 criteria referred in the notification will be equal to or more than 50%, the highest value according to the net profit criteria. This transaction is considered as Class 1 transaction which is the transaction between a listed company and another listed company with the size of equal to or more than 50% (the highest aggregate size of transactions over the past 6 months is 47.58% based on net profit criteria). The Company is required to prepare the disclosure regarding the transaction to the SET and convene the shareholders' meeting to obtain the approval. The resolution to enter into the Transaction must be at least three-fourths of total votes of shareholders attending the meeting with voting rights excluding shareholders who have a beneficial interest. The Company also appointed Grant Thornton Services Ltd. ("GTSL" or the "IFA") as an independent financial adviser to provide the opinion regarding this transaction (the "Transaction"). Details are summarised as follows:

- 1) The additional investment in TICON will generate more certain revenue as share of profits from investment in associates in addition to the revenue from property development business. As this business involves with long development period, and its revenue will be recognised when ownership of land or risk was transferred to a land buyer, its revenue recognition can be delayed and uncertain. In addition, the Company will receive more cash flow from dividend payment. As the Company has invested in TICON since 2003, and become a major shareholder of TICON with its representatives as authorised directors, the Company has an understanding in TICON's business. The Company also can participate in management and determination of a business direction of TICON. Moreover, an increase in shareholding in TICON will allow the Company to have more control on voting for any significant issue in the shareholders' meeting
- 2) The investment in TICON requires a large amount of fund (Total amount of transaction is not more than 5,552.78 million in the case where the Company will hold the shares of TICON not exceeding 538.85 million shares after the acquisition of the Additional Shares at maximum price not exceeding THB



22 with TICON-W6 fully exercised. The last exercise of TICON-W6 was on 3 October 2014). Therefore, the Company may lose the opportunity to invest in other businesses or assets in the future.

However, TICON is profitable with a positive growth. ROJNA also has an understanding in TICON's business and can participate in management and determining TICON's business direction via its representatives. Therefore, the investment in TICON can be considered to have lower risk, compared with other businesses that the Company is not familiar with.

To invest in TICON, the Company may have a risk of funding shortage. The Company plans to finance the Transaction by issuing ordinary shares to existing shareholders (rights offering) for 399.41 million shares with par value of THB 1 per share, and the offering price is THB 7 per share. The Company will also use cash flow from operating activities and/or loans from financial institutions. Nevertheless, the Company may have a risk that the existing shareholders will not purchase all shares issued. Therefore, the Company may not have sufficient fund to acquire the Additional Shares of TICON as expected. Furthermore, the Company may require loans from financial institutions, which increases the Company's finance cost.

In the case where the rights offering are not fully subscribed and the Company has to borrow from financial institutions, the debt-to-equity ratio (excluding general trading debt) will increase to 2.6 times. The ratio is still lower than 2.75 times indicated in the terms and conditions of bonds. Although, the Company has a portion of remaining loans, accounting for approximately 2% of total borrowings (including bonds), that limit the debt-to-equity ratio at 2.5 times, the Company's management will process to adjust such terms when the ratio reaches the limit. Currently, the Company has a preliminary discussion with the financial institution on the covenant adjustment.

In the case where the all the rights offering are not subscribed, and these shares are offered to others by private placement, there will be the dilution effect (approximately 20% in the case where there are no shares from rights offering subscribed).

- 3) The Company has the operational risks of TICON e.g. the risk from short-term lease contract, the risk that some factories or warehouses are located in flooding areas, the risk that there will be no lessees when the construction of factories or warehouses is complete, the risk from a plan to acquire lands, the risk from the volatility of income from sales of assets to Real Estate Investment Trust ("REIT") and the risk from delay in issuance and offering of REIT

However, ROJNA's and TICON's businesses are related to each other. The Company has also invested in TICON since 2003, and currently becomes a major shareholder of TICON. Therefore, the Company has an understanding in TICON's business and should be able to cope with those risks.

- 4) IFA has the opinion that the Transaction is reasonable and beneficial to the Company. However, according to the valuation of TICON's share based on the adjusted book value approach, the weighted average market price approach and the discounted cash flow approach, the appropriate value of TICON's share is 16.81 – 20.30 THB per share. Hence, the IFA views that the maximum purchasing price of THB 22 per share exceeds the appraisal value. The acquisition price is inappropriate.

Table 1-2: Valuation summary of TICON

Valuation method	Valuation	Maximum acquisition price	Valuation – acquisition price
	(THB per share)	(THB per share)	(THB per share)
Book value method	9.61	22.00	(12.39)
Adjusted book value method	16.81	22.00	(5.19)
Market price method	17.33 – 18.30	22.00	(4.67) – (3.70)
P/E ratio method	19.82 – 23.55	22.00	(2.18) – 1.55
P/BV method	18.84 – 21.81	22.00	(3.16) – (0.19)
Discounted cash flow method	20.30	22.00	(1.70)

Note: Details of the calculation in 5. Appropriateness of consideration and conditions of the Transaction

From the above reasons, the IFA has opined that the acquisition of the Additional Shares of TICON at the price of not exceeding THB 22 per share is higher than the highest value of share based on the IFA's valuation (at THB 20.30 per share). ROJNA's average cost of acquisition is low as it has invested in TICON since 2003. In case that the Company acquire the Additional Shares of TICON of the maximum price of



THB 22 per share, the Company's average cost per share will be less than THB 20.30. Moreover, this transaction is to acquire shares over one year period and there is an opportunity to acquire those shares with the price less than 20.30 baht. The weighted average market price of TICON over seven trading days before September 29, 2014, which is the last trading day before the approval of this transaction by the board resolution, is THB 18.16 per share. If the shareholders vote against this transaction, the Company will lose the opportunity to acquire shares of TICON that is lower than the highest value based on the IFA's valuation. The maximum price at THB 22 per share provides flexibility for the Company's management to acquire TICON shares.

In addition, the acquisition of TICON shares is beneficial to the Company. ROJNA will earn more revenue in form of profit sharing from investment and more cash flow from dividends. Moreover, ROJNA will have more voting rights in TICON and the Company can determine its business direction in the future.

Therefore, the IFA has opined that shareholders should vote for this acquisition of shares of TICON.

The shareholders should consider the reasoning and the opinion of the IFA, which is based on the assumption that the information, documents and draft documents received as well as the interviews of the management and related parties are complete and accurate. The IFA views that the assumptions used in the preparation of the financial projection are reasonable and are based on the economic condition and data available during the study period only and that any material changes in such factors may affect the IFA's opinion. Nevertheless, the decision to approve or reject the proposed transaction rests primarily with the shareholders.



2. Practices and sources of information used in the preparation of the IFA's opinion

Grant Thornton Services Ltd., as an independent financial adviser (IFA) approved by the SEC and independent from the Company, has studied the information related to the Transaction provided by the Company, as well as other public information as follows:

- The resolutions of the board of directors' meetings and relevant information memorandums
- Capital increase report form (Form F 53-4)
- Annual registration statements (Form 56-1)
- Financial statements and auditor reports
- Other relevant adviser reports
- Financial projection and underlying assumptions
- Contract documents and other relevant information
- Statistical data from the SET, economic conditions, and relevant industries
- Interview with the management and officers of the Company and other related companies

The IFA's opinion is based on the assumption that all received information and documents as well as the interview with the management and officers of the Company and other related companies are accurate and complete. The IFA has performed due diligence and analysis with prudence under the professional standards. Moreover, the IFA assumes that all contracts and related business agreements are valid and effective without any other material information adversely affecting the Transaction. However, the IFA has no reason to doubt that the aforementioned information is materially inaccurate or incomplete that would adversely affect the analysis of the information.

The IFA's opinion is based upon the industry, economic and other external conditions as they exist and can be evaluated during the time of the study only. The information and assumptions are subject to change in due course and may have material effect on the opinion. The IFA assumes no obligation to update, revise or reaffirm the opinion stated herein.

This report is prepared for the use and benefits of the Company's shareholders. Nevertheless, the final decision of the shareholders to approve or not approve the Transactions shall be based entirely on the discretion of each of the Company's shareholders. The shareholders should also study other information attached to the meeting invitation letter in order to use own discretion and judgment in making an appropriate decision.



3. Details and nature of the Transaction

The Company's board of directors' meeting no. 8/2014 on 30 September 2014 had the resolution to approve the acquisition of additional ordinary shares of TICON in the SET from the current shareholding of 26.07% of total voting rights of TICON ("the Additional Shares") through the trading system of the SET. The number of the Additional Shares will not exceed 22.93% of total voting rights of TICON. The total number of shares of TICON held by the Company will not exceed 49% of total voting rights including the shares currently held by the Company. Moreover, the Transaction must comply with related regulations and notifications of the SET and/or the SEC e.g. the rules on acquisition and disposition of assets, etc. The Company will acquire the Additional Shares at the market price of TICON shares traded in the SET within 1 year after approval of the acquisition of the Additional Shares from the Shareholders' meeting. The acquisition price is the market price of TICON shares traded in the SET at the time of the acquisition, but shall not exceed the average of closing price of 5 business days of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. The Company plans to use operating cash flows and/or loans from financial institutions and/or capital increase from newly issued shares of the Company as a source of fund for the Transaction.

The Company considered several acquisition methods and found that the acquisition of Additional Shares via the SET trading system would be appropriated. TICON shareholders excluding the Company are small shareholders, 7,000 shareholders who hold TICON shares less than 5%, therefore it is hard for the Company to collect TICON shares from an individual shareholders or group of shareholders. Moreover, the Company will acquire the Additional Shares within 1 year after approval of the acquisition of the Additional Shares from the Shareholders' Meeting. The Company will gradually acquire Additional Shares at appropriate prices when it has sufficient cash flow.

The Transaction is considered as the acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules and Procedures for the Acquisitions and Disposition of Assets of Listed Companies, 31 August B.E. 2551, and the Notification of the Stock Exchange of Thailand No. BorJor/Por 21-01 Re: Disclosure of Information and Acts of Listed Company Concerning the Acquisition or Disposition of Assets B.E. 2547, 29 October B.E. 2547, as well as other related notifications. Based on such notifications, the Company is required to calculate the size of transaction by including other transactions over the past 6 months, namely (1) the acquisition of ordinary shares of TICON for 36 million shares from the acquisition and exercise of TICON-T2 in addition to the rights offering (2) the acquisition of the Remaining shares for 25.09 million shares and (3) the acquisition of the Additional Shares.

As the Company acquires the Additional Shares of TICON for not less than 1.01% of total voting rights (or approximately 11.06 million shares), the size of these three transactions calculated by 4 criteria referred in the notification will be equal to or more than 50%, the highest aggregated size of transaction over the past 6 months is 47.58% according to the Net profit criteria. This transaction is considered as Class 1 transaction which is the transaction between a listed company and another listed company with the size of equal to or more than 50%. The proceed of Class 1 transaction requires the approval of the Company' Board of directors and shareholders' meeting.

The Company is required to prepare the disclosure regarding the Transaction to the SET and convene the shareholders' meeting to obtain the shareholders' approval before entering into the Transaction with at least three-fourths of the total votes of shareholders attending the meeting with voting rights excluding shareholders who have a beneficial interest.

3.1. Transaction date

The Company will enter the Transaction within 1 year after the approval of the extraordinary general meeting of the shareholders no. 1/2014 which will be held on 4 November 2014.

3.2. Contractual parties and the relationship with the Company

There will be no contractual parties because the shares will be purchased on the SET.

Table 3-1: Details of ROJNA and Seller of shares

	Description
Buyer	Rojana Industrial Park PCL
Seller	Other TICON's shareholders



	Description
Method to acquire the Additional Shares	Via trading system of the SET
Assets to be acquired	Ordinary shares of TICON
Relationship	The Company will acquire the Additional Shares via Automatic Matching system of the SET. In this regards, the Company will not know seller identity in advance and cannot specify the sellers

In acquisition of Additional Shares, the Company has not entered into MOU or shareholders' agreement with any shareholder of TICON.

3.3. Type and size of the Transaction

The Transaction is considered as the acquisition of assets according to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules and Procedures for the Acquisitions and Disposition of Assets of Listed Companies, 31 August B.E. 2551, and the Notification of the Stock Exchange of Thailand No. BorJor/Por 21-01 Re: Disclosure of Information and Acts of Listed Company Concerning the Acquisition or Disposition of Assets B.E. 2547, 29 October B.E. 2547, as well as other related notifications. The largest size of the Transaction is 55.17%, according to the net profit criteria.

Table 3-2: Computation of the Transaction's size

Criteria	Description	Calculation ¹ (THB million)	Size (%)
1. Net tangible assets (NTA)	%NTA ² of the asset to be acquired %NTA ² of the Company	<u>2,350.21</u> 6,411.46	36.66%
2. Net profit	<u>Net profit of the asset to be acquired</u> Net profit of the Company	<u>262.06</u> 475.00	55.17%
3. Consideration paid	<u>Value of assets acquired³</u> Value of total assets of the Company	<u>5,552.78</u> 33,548.67	16.55%
4. Securities issued	<u>No. of shares issued to pay for the assets to be acquired</u> No. of paid-up shares of the Company	<u>399.41 million shares</u> 1,443.26 million shares	27.67%

Note: 1. Based on the Company's reviewed financial statements for six months ended 30 June 2014
2. Net tangible assets (NTA) is total assets – intangible assets – total liabilities – minority interest
3. Total consideration paid for ordinary shares of TICON is THB 5,552.78 million (calculated under the assumption that the Company buy the Additional Shares for 22.93% of TICON's total voting rights at the maximum price of THB 22 per share and TICON-W6 are fully exercised)

Table 3-3: Computation of the Transaction's size in the past 6 months

Criteria	Size (%)			Total
	Acquisition of additional shares for 36 million shares	Acquisition of the Remaining Shares for 25.09 million shares	Acquisition of the Additional Shares	
1. Net tangible assets (NTA)	5.27%	2.39%	36.66%	44.31%
2. Net profit	32.73%	14.85%	55.17%	102.75%
3. Consideration paid	1.68%	1.43%	16.55%	19.66%
4. Securities issued	N/A	N/A	27.67%	27.67%

Note: The sizes of the acquisitions of TICON's additional shares for 36 million shares and the Remaining Share for 25.09 million shares cannot be calculated by securities issued criterion because there was no issuance of securities

The largest aggregate transaction size over the past 6 months is 102.75%. As the Transaction involves with the transaction between a listed company with another listed company with the size of equal to or more than 50%, it is considered as the Class 1 Transaction. The Company is required to prepare the disclosure regarding the Transaction to the SET and convene the shareholders' meeting to obtain the shareholders' approval before entering into the Transaction with at least three-fourths of the total votes of shareholders attending the meeting with voting rights excluding shareholders who have a beneficial interest.

3.4. Details of the acquired assets

The Company will acquire the Additional Shares of not exceeding 22.93% of total voting rights of TICON. The maximum number of the Additional Shares combine with the number of shares held by the Company prior to the acquisition of the Additional Shares will not cause the percentage of shareholding of the Company in TICON to be more than 49% of total voting rights of TICON. The Company shall gradually



acquire Additional Shares via the SET trading system within the specific timeframe in order to maximise the Company's interests. Moreover, the Company has no policy to change the board of directors or management team of TICON after the share acquisition.

Changes in TICON management structure may be considered if there are significant changes. In such the case, the Company will consider the management structure that comply with TICON policy, business plan and relevant factors. However, such structure i.e. name and position of director must be approved by the board or TICON's shareholders' meeting. If there is any change e.g. resignation of director, or end of service term, the Company will consider as appropriate in order to comply with TICON's regulations and/or relevant legal issues.

3.5. Total value of consideration, payment method, and payment conditions

The Company will acquire the Additional Shares of not more than 22.93% of total voting rights in TICON. The shares will be acquired in the SET at the market price, but the share price shall not exceed the average of closing price of 5 business day of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. In addition, in any case, the acquisition price shall not exceed THB 22 per share. Therefore, the total value of assets to be acquired will depend on the number of shares the Company acquires and the market price of TICON traded in the SET.

The Company will enter the Transaction within 1 year after the approval of the Extraordinary General Meeting of the Shareholders No. 1/2014 which will held on 4 November 2014.

3.6. Total value of acquired assets

The asset to be acquired by the Company is TICON's ordinary shares not exceeding 22.93% of the total voting rights of TICON. The value of the shares to be acquired by the Company will be based market price. Therefore, the total value of assets to be acquired will depend on the number of shares the Company acquires and the market price of TICON traded in the SET.

3.7. Basis used to determine the value of consideration paid

As TICON is a listed company in the SET, the price of TICON's varies with its market price in the SET. Thus, the acquisition price is determined by referring to the market price. The acquisition price will be the market price of TICON traded in the SET, but the share price shall not exceed the average of closing price of 5 business days of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. The maximum price will not exceed THB 22 per share.

3.8. Source of fund

To acquire the Additional Shares, the Company plans to use cash flow from operation, capital increase and/or loans from financial institutions. In the case where the Company borrows from financial institutions, such loans will not have the conditions affecting shareholders' rights. A portion of fund will come from the rights offering for 399.41 million shares with par value of THB 1 and the offering price of THB 7 per share.

If there are unsubscribed shares from the right offering, the board of directors may consider whether to offer the unsubscribed shares via private placement.

To acquire the Additional Shares, the Company plans to use cash flow from operation, capital increase and/or loans from financial institutions. In the case where the Company borrows from financial institutions, such loans will have the conditions affecting shareholders' rights. A portion of fund will come from the rights offering for 399.41 million shares with the par value of THB 1 and the offering price of THB 7 per share.

3.9. Conditions of the Transaction

The Company will entered into the Transaction subsequent to the extraordinary general meeting of shareholders of the Company no. 1/2014, which will be held on 4 November 2014, approval on the acquisition of the Additional Shares with at least three-fourths of the total votes of shareholders attending the meeting and having voting rights, excluding interested shareholders' equity.

3.10. Opinion of board of directors regarding to the Transaction

The Board of directors' meeting No. 8/2014 held on 30 September 2014 resolved to approve the Transaction and had the opinion that entering into the Transaction is reasonable and is for the utmost benefit of the Company and its stakeholders.



The Company's board of directors has an opinion that the acquisition of the Additional Shares via the SET trading system would be appropriated. TICON shareholders excluding the Company are small shareholders, approximately 7,000 shareholders who hold TICON shares less than 5%, therefore it is hard for the Company to collect TICON shares from an individual shareholders or group of shareholders. Moreover, the Company will acquire the Additional Shares within 1 year after approval of the acquisition of the Additional Shares from the Shareholders' Meeting. The Company will gradually acquire Additional Shares at appropriate prices when it has sufficient cash flow.

In addition, the acquisition price is determined by referring to the market price. The acquisition price will be the market price of TICON traded in the SET, but the share price shall not exceed the average of closing price of 5 business days of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. The maximum price will not exceed THB 22 per share. This would reduce impact on TICON share price while the Company will be able to determine the required maximum amount for the acquisition of Additional Shares.

The maximum price of THB 22 per share is appropriate as the Company's average acquisition cost is THB 16.03 per share which is lower than the fair price evaluated by the IFA in the range of THB 16.81- 20.30 per share.

3.11. Opinion of audit committee and/or any director that is different from the opinion of board of directors

- None -



4. Reasonableness of the Transaction

4.1. The objective and reasonableness of the acquisition of assets

On 29 September 2014, TICON arranged the extraordinary general meeting of shareholders no. 1/2014. The meeting had the resolution to approve the allotment of common shares of TICON remaining from the exercise of Transferable Subscription Right Lot No. 2 (TICON-T2) for 25.09 million shares (the Remaining Shares). These common shares were offered to the Company by private placement. The meeting also had a resolution to approve TICON for entering into the Transaction which was the connected transaction and to approve the waiver of tender offer by virtue of the resolution of the shareholder's meeting (Whitewash) to the Company. The transactions were approved by the resolution of the board of director's meeting No. 5/2014. Prior to the acquisition of the Remaining Shares, TICON was required to obtain the approval from the shareholders' meeting.

After the acquisition of the Remaining Shares, the percentage of shareholding in TICON would increase from 24.34% to 26.07%, exceeded the trigger point at 25% of total voting rights. However, the Company received a waiver from making a tender offer (Whitewash) from the shareholders' meeting of TICON. The Company is able to acquire additional shares of TICON which traded in the SET as long as the percentage of the Company's shareholding in TICON is less than 50%. Therefore, the Company proposes to the shareholders meeting to approve the acquisition of additional shares of TICON traded on the main board. The percentage of shareholding would increase from 26.07% to 49%. The Company expects to acquire additional shares of TICON for not exceeding 22.93% of total voting rights. The acquisition period is within 1 year after the approval of the Extraordinary general meeting of the shareholders No. 1/2014 which will be held on 4 November 2014.

The Company's source of funds include cash flow from operation and/or loans from financial institutions and the capital increase from rights offering by issuing 399.41 million shares at a par value of THB 1 with the ratio of 4 existing shares to 1 new shares. The offering price is THB 7 per share. This transaction is also proposed to the shareholders' meeting for consideration.

4.2. Advantages and disadvantages of entering and not entering into the Transaction

4.2.1. Advantages of entering into the Transaction

1) Increase more certain revenue flows

ROJNA's main business involves with property development in form of both industrial park and condominium. These projects are required a period of time for development. The revenue will be recognised upon the transfer of ownership or inherent risks of land to buyers, or transfer of material risks and rewards of ownership in condominium to buyers. The revenue recognition is, therefore, delayed and unstable. The Company has other revenues e.g. revenue from sales of electricity and steam which is operated by Rojana Energy Co., Ltd. and other subsidiaries.

TICON's main business involves with construction factories and warehouses in industry parks and other potential areas in Thailand, as well as, sales of some factories or warehouses to lessee and property fund. A portion of TICON's revenue includes revenue from rental of factories and warehouses, which is recurring income. Although, most of TICON's factory and warehouse lease contracts last 3 years (renewable), once customers start their production, they are less likely to move out. Therefore, more than 80% of contracts are renewed after they expire.

The acquisition of TICON shares is an opportunity for the Company to earn more revenue from profit sharing. In 2013, ROJNA had profit sharing from investment in associates of THB 319.35 million. 94.57% of its total profit sharing was from the investment in TICON. As a result, an increase in the percentage of shareholding from 26.07% to 49% will allow ROJNA to earn higher profit sharing from investment. The Company's profit before finance costs and income tax expenses will increase by approximately 20% (the calculation is based on profit sharing from investment and profit before finance costs and income tax expenses in 2013).

2) Increase in cash flow from dividends

TICON has a policy to pay dividends at least 40% of net profit after tax. During 2011-2013, the dividend payout ratio of TICON was approximately 64.61% - 71.59%. In 2013, the Company received dividends



from TICON for THB 187.58 million. The Company's percentage of shareholding in TICON increases from 26.07% to 49%, given that the dividend payout ratio remains unchanged. ROJNA will receive higher cash flow from dividends by 87.96% (the calculation is based on the dividend incomes of ROJNA in 2013).

3) Understanding the business of TICON and participatory management

ROJNA's industry park development business is related to TICON business, construction of factories and warehouses. Moreover, ROJNA has invested in TICON since 2003. Presently, the Company becomes a major shareholder of TICON. ROJNA also appointed Mr. Jirapongs Vinichbutr and Mr. Chai Vinichbutr as TICON authorised directors. Thus, ROJNA has a good understanding of TICON's business and has involved in determining TICON business direction in order to maximise shareholders' benefits including that of the Company.

4) Increase the percentage of shareholding and voting rights in TICON

An increase of percentage of shareholding in TICON will also increase the Company's voting rights. The Company will be able to control voting rights in the shareholders' meeting, particularly those of significant agendas affecting TICON's policies and direction in future. The Company's percentage of shareholding in TICON will become 26.07% after the acquisition of the Remaining Shares. When ROJNA acquires the Additional Shares, its percentage of shareholding will increase to not exceeding 49% of total voting rights.

4.2.2. Disadvantages of entering into the Transaction

1) Loss of opportunity to invest in other businesses or assets

The Company stated that the acquisition of the Additional Shares of TICON will not exceed 252.40 million shares with the total value of THB 5,552.78 million (given that TICON-W6 are fully exercised, the exercise price is less than the market price of TICON and the Company acquires shares at the maximum price is not more than THB 22 per share). The Company has a plan to partially finance the Transaction by issuing ordinary shares to existing shareholders (rights offering) for 399.41 million shares at a par value of THB 1 and the offering price is at THB 7 per share. As the acquisition of the Additional Shares needs a large amount of proceeds, the Company may lose the opportunity to invest in other businesses or assets in future.

However, TICON is a profitable company with a positive growth. Moreover, ROJNA is TICON's major shareholder, it has a good understanding of TICON business. The Company appointed representatives as authorised directors in TICON, thus the Company has involved in TICON's management and determined business direction of TICON. As a result, the investment in TICON bears lower risk compare with other kinds of investment, especially in other businesses the Company is not familiar with.

2) Dilution Effect

To acquire the Additional Shares, the Company plans to issue shares to its existing shareholders (Right offering) as a part of proceeds. In the case where there are unsubscribed shares from the allotment of right offering in accordance with the percentage of their shareholding, the Company may allot the unsubscribed shares to specific persons via private placement. In that case, the percentage of existing shareholders' will dilute at a maximum of 20% (in case all newly issued shares to existing shareholders are unsubscribed)

3) Higher interest expenses

As the Company acquires shares of TICON for 22.93% of total voting rights at the maximum price of 22 baht per share, the total value of the Transaction is THB 5,552.78 million (where TICON-W6 are fully exercised). In case that the newly issued shares under the rights offering are fully subscribed, the Company needs to borrow THB 2,579.45 million (excluding cash flow from operating activities in the future) which affected its interest expenses. However, the Company is able to maintain the debt-to-equity ratio (excluding trade payable debt) at 2.75 times as indicated in the terms and conditions of bonds and loans from financial institutions. However, a portion of debts, accounting for approximately 2% of total debts (including bonds) has a limit of the debt-to-equity ratio at 2.5 times. The management will request the financial institution to adjust such terms and conditions if the debt-to-equity ratio reaches at the level.



Currently, the Company has a preliminary discussion with the financial institution on the covenant adjustment.

4) The maximum purchase price is more than the fundamental value

ROJNA will acquire TICON shares via the SET at a market price, but the share price shall not exceed the average of closing price of 5 business day of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. The maximum price will not exceed THB 22 per share at any time of purchase. IFA has an opinion that the maximum price is higher than the fundamental value of TICON.

4.2.3. Advantages of not entering into the Transaction

1) Opportunity to invest in other businesses or assets

The acquisition of the Additional Shares of TICON requires the large amount of investment. The Company will partially finance the Transaction by offering ordinary shares to existing shareholders (rights offering). In the case where the Company does not acquire these shares, the Company can invest in other businesses or assets in the future.

4.2.4. Disadvantages of not entering into the Transaction

1) Loss of opportunity to earn more profit sharing from investment and cash flow from dividends

As mentioned, the property development business requires a long development period and recognises its revenue only when the ownership or risk is transferred to the buyers. The Company's revenue recognition tends to be uncertain while TICON generates more recurring and stable revenue from factory and warehouse rental. Therefore, if the Company does not increase its investment in TICON, it may lose an opportunity to earn more revenue from profit sharing and cash flow from dividends.

2) Loss of opportunity to increase the ownership proportion and voting rights in TICON

If the Company does not make an additional investment in TICON, the Company will lose the opportunity to increase its percentage of shareholding and voting rights in TICON, particularly in important issues in the shareholders' meetings.

4.3. Risks from entering into the Transaction

1) Risk from a shortage in the source of funds

The Company's sources of fund include free cash flow from operating activities and/or loans from financial institutions, as well as, the capital increase by share offerings. The Company will acquire shares of TICON not more than 22.93% of total voting rights or 252.40 million shares (in case TICON-W6 is fully exercised). The acquisition price is at market price of TICON shares traded in the SET, but the share price shall not exceed the average of closing price of 5 business day of TICON share prior to the purchased date plus an additional of 15% of such average closing prices. The maximum price will not exceed THB 22 per share. The period to acquire new shares is within 1 year after the approval of the shareholder meeting. Therefore, total amount of the Transaction will not exceed THB 5,552.78 million (at the maximum price of THB 22 per share).

The Company would propose to the shareholders' meeting in order to consider the capital increase by issuing the Company's common shares for 399.41 million shares at a par value of THB 1. These shares will allot to the existing shareholders in accordance with the percentage of shareholding (rights offering). In the case where those shares are fully subscribed, the Company will receive a fund of THB 2,795.85 million. Nevertheless, there may be a risk that those shares will not be fully subscribed. As a result, the Company cannot acquire the Additional Shares as expected, or requires additional borrowings, which delays the financing process.

In the case where the newly issued shares are not fully subscribed, the Company may offer these shares to specific persons via private placement. In that case, there will be the dilution effect to the existing shareholders.

Moreover, if the rights offering is unsuccessful, ROJNA has to borrow from financial institutions. Under the terms and conditions of bonds, the Company has to maintain its debt-to-equity ratio (excluding trade payable debt) not higher than 2.75 times. Although the acquisition of all the Additional Shares is financed



by loans, the debt-to-equity ratio (excluding trade payable debt) will be approximately 2.6 times, which is lower than the limit. The Company has a portion of remaining loans, accounting for approximately 2% of total borrowings (including bonds) with that limit of the debt-to-equity ratio at 2.5 times. However, the management had a discussion with such financial institution to adjust the limit.

2) Risk from an increase in share price of TICON

To acquire the Additional Shares of TICON, the Company plans to purchase TICON shares traded in the SET at the market price, but the share price shall not exceed the average of closing price of 5 business days of TICON share prior to the purchased date plus an additional 15% of such average closing prices. In any case, the maximum price shall not exceed THB 22 per share. Thus, if the share price increases above THB 22 per share, the Company may not be able to acquire the Additional Shares as expected. However, the acquisition of TICON shares at a high price, especially exceeding the fair price appraised by the IFA, may be inappropriate. The Company should consider to buy shares when the price goes down.

3) Risk from the operations of TICON

• Risk from short-term lease contract

Generally, the period of lease contract for factories and warehouses of TICON is 3 years. If customers do not renew the contracts, TICON's performance will be adversely affected, and ROJNA will earn lower profit sharing from investment in TICON. However, once customers start their production, they are less likely to move out. Therefore, more than 80% of contracts are renewed after they expire.

Furthermore, TICON has many factories and warehouses for rent in many locations. Its customers are also varied in types of industry and countries. This will help diversify the risk of terminating lease contracts. TICON's factories and warehouses also have standard designs and are located in popular areas. If there is any lease contract terminated, TICON is able to find new customers.

• Risk from some factories or warehouses located in the flood area

In 4Q2011, TICON was affected by the flood in Ayutthaya and Pathumthani. The factories/warehouses located in such areas were damaged. The tenants suspended their operations and failed to pay rent. Moreover, many tenants terminated their contracts while potential customers delayed their decisions to rent factories in the areas. With a concern on risk of flooding, there were a number of vacant factories.

After the situation, TICON has insured its properties, covering physical damages and business interruption, to mitigate the impacts from floods. Despite higher insurance premiums, TICON could pass these expenses through tenants. The Company also postponed its factory development in Ayutthaya and Pathumthani to control the number of vacant factories in those areas. Furthermore, industrial estate developers in Ayutthaya and Pathumthani constructed concrete dikes which completed in late 2012.

With factories and warehouses for rent in many locations, most of which are in Eastern region, TICON can serve both new customers and existing customers who suffered from the flood and were willing to relocate their factories.

In 4Q2013, there was a flood in Eastern region, including Rayong, Chonburi, and Prachinburi. However, it was not as severe as the flood in 2011. TICON's factories and warehouses were not damaged and the customers can continue their normal operations. The customers were still confident and did not move away from the area.

• Risk of no lessee for factories or warehouses

Currently, some of TICON's factories and warehouses are under development plan. TICON may have risk that there will be no tenants when those factories/warehouses are completed.

However, TICON has a policy to control its vacant spaces by delaying construction if the number of factories or warehouses available for rent is above the plan. With its own construction team, TICON can effectively manage its construction, and is flexible to accelerate and delay/stop its construction as well as relocate its construction workers to other areas if necessary.



- Risk from acquiring lands for future construction of factories or warehouses

There is an intense competition in factory and warehouse construction. The developers, including TICON, have to seize for lands in good locations. This pressure tends to push land prices up. The costs of land in desirable locations may be beyond the company's budget, bringing higher development cost. If the return on investment is not on target, the company may decide to abandon the project. However, TICON has kept conducting survey and assessment on demand of its customers to support its decision to purchase lands and develop new projects.

- 4) Risk from the volatility of income from sale of assets to Real Estate Investment Trust ("REIT")

TICON's revenue mainly comes from revenue from rental and services and revenue from sales of factories/warehouses. In any year that TICON does not sell its properties to REIT (sell its properties to property funds in the past), its revenue and profits can be volatile. However, TICON has a policy to keep selling its properties to property funds or REIT. TICON expects to maintain a portion of this revenue at an appropriate level and associated with its investment policy. Its revenue from sales of properties will be used to support its expansion.

In addition, the revenue from sales of properties to REIT also depends the expected yield of investors. If the expected yield rises, the prices of properties to be sold to REIT will drop, bringing lower revenue for TICON.

- 5) Risk from delay in an issuance and offering of Real Estate Investment Trust or REIT of TICON

TICON is currently on the process of filing the REIT offering (Filing form) to the Office of Securities and Exchange Commission (SEC). TICON expects that REIT offering can be established within this year. If the offering is not approved within the timeframe, the company's funding as well as expansion plan may be delayed.

- 6) Risk from the distribution of small shareholders (Free float)

According to Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Maintaining the status of Listed Companies in the Exchange, 2001 and amendment, a listed company must maintain its qualification with respect to share distribution. A listed company must have more than 150 small shareholders and such shareholders must hold shares in aggregate not less than 15% of paid-up capital. The acquired Additional Shares of not exceeding 22.93% of total voting rights of TICON may impact TICON's free float. On 14 March 2014, TICON had 7,008 small shareholders, or 61.35%. Therefore, the chance of free float risk may be low.



5. Appropriateness of price and conditions of the Transaction

5.1. Book value approach

This valuation approach reflects the value shown on the accounting book at a specific point in time. In this case the valuation is based on the book value of TICON from the interim financial statements as of 30 June 2014, which is audited by Mr. Sophon Permsirivallop, certified public accountant no. 3182 from EY Office Limited.

Table 5-1: Book value approach

Item as of 30 June 2014	Amount (THB million)
Share capital	913.79
Cash receipts from share subscription ¹	2,375.18
Premium on ordinary shares	4,679.25
Appropriated retained earnings – statutory reserve	126.37
Unappropriated retained earnings	2,219.18
Other components of shareholders' equity	(8.71)
Total shareholders' equity	10,305.07
Number of issued and paid-up shares (million share) ¹	1,072.80
Book value per share (THB per share)	9.61

Note: 1. On 31 March 2014, the warrant holders exercised 1,352,600 TICON-W6 warrants to purchase 1,393,131 ordinary shares at THB 7.767 each. TICON registered the above increase in its paid-up share capital of THB 913,789,163 with the Ministry of Commerce on 4 April 2014. The SET approved the additional ordinary shares as listed securities as of 10 April 2014.

On 30 June 2014, the warrant holders exercised 1,266,200 TICON-W6 warrants to purchase 1,343,598 ordinary shares at THB 7.539 each. The warrant holders exercised 157,670,212 TICON-T2 warrants to purchase 157,670,212 ordinary shares at THB 15 each.

As of 30 June 2014, TICON recorded the total of THB 2,375.2 million received as a result of the exercise of such warrants under "Cash receipts from share subscription", presented under shareholders' equity in the statements of financial position. TICON registered the above increase in its paid-up share capital of THB 1,072,802,973 with the Ministry of Commerce on 7 July 2014. The SET approved the additional ordinary shares as listed securities as of 14 July 2014.

Based on the book value approach, the share value of TICON is THB 9.61 per share.

5.2. Adjusted book value approach

This valuation approach takes the book value of TICON from the interim financial statement as of 30 June 2014 and adjusts it with various items to better reflect the true and present financial position or the intrinsic value. The IFA considers the following adjustments.

1) Land, factories, and warehouses

As of 30 June 2014, TICON had assets used in business operation with book value of THB 23,036.16 million, which accounted for 79.07% of total assets. Details are as follows.

Table 5-2: Assets used in business operation

	Under construction planning	Under construction	Completed	Book value	Appraisal value (average)
<u>Factory</u>					
Central	60	14	53	2,138.44	3,661.66
East	113	18	74	3,351.07	4,601.80
Total factory	173	32	127	5,489.51	8,263.46
<u>Warehouse</u>					
Central	59	10	26	6,829.99	7,980.72
East	113	11	120	10,309.33	11,539.69
North-east	22	0	0	267.14	277.60
South	11	0	0	140.19	139.46
Total warehouse	205	21	146	17,546.65	19,937.47
Total factory and warehouse	378	53	273	23,036.16	28,200.93

TICON arranges for appraisal of the properties by appointing independent appraisers, including Knight Frank Chartered (Thailand) Co., Ltd., Nexus Property Consultant Co., Ltd., Wealth Appraisal Co., Ltd., Thai Property Appraisal Lynn Phillips Co., Ltd. and First Star Consultant Co., Ltd. Latest appraisals were



made between April to August 2014. The total appraisal value averages at THB 28,200.93 million, which is higher than the book value by THB 5,164.77 million.

2) Investments in associates

As of 30 June 2014, TICON had investments in associates with book value of THB 3,125 million, which accounted for 10.73% of total assets. Details are as follows.

Table 5-3: Investments in associates

	Investment units (million unit)	Investment proportion	Book value (THB million)	Market value (THB million)
TFUND	271.58	23.63%	1,479.59	2,960.25
TLOGIS	82.92	20.04%	627.50	1,011.62
TGROWTH	156.39	28.18%	1,018.13	1,673.39
Total	510.90		3,125.22	5,645.27

The investments in associates are securities traded on the stock exchange with total market value on 29 September 2014 of THB 5,645.27 million, which is higher than the book value by THB 2,520.06 million.

3) Allotment of the ordinary shares remaining from the exercise of TICON-T2 for private placement offering

The extraordinary general shareholders' meeting no. 1/2014 on 29 September 2014 has resolved to approve the allotment of 25,086,812 shares with par value of THB 1 by offering to ROJNA as well as the connected transaction and the waiver of the tender offer for all securities of TICON by virtue of the resolution of the shareholders' meeting of TICON (Whitewash). As a result, TICON will receive THB 464.86 million from the offering of 25,086,812 shares, which accounted for 2.34% of total issued and paid-up capital at the offering price of THB 18.53 per share (the weighted average market price over 7 trading days before the shareholders' meeting plus the mark-up of THB 0.50 per share).

The adjustments are summarised as follows.

Table 5-4: Adjusted book value approach

	Amount (THB million)
Book value as of 30 June 2014	10,305.07
<u>Adjustment items</u>	-
<u>Add</u> Premium on value of assets used in business operation	5,164.77
<u>Add</u> Premium on value of investments in associates	2,520.06
<u>Add</u> Cash from capital increase	464.86
Total adjustment	8,149.69
Adjusted book value	18,454.76
Number of issued and paid-up shares (million share)	1,072.80
<u>Add</u> Additional shares from capital increase (million share)	25.09
Adjusted number of shares (million share)	1,097.89
Adjusted book value per share (THB per share)	16.81

Based on the adjusted book value approach, the share value of TICON is THB 16.81 per share.

5.3. Weighted average market price approach

This valuation approach is based on the historical weighted average market price of TICON shares traded on the stock exchange under various time frames from 7 to 360 trading days counting backward from 29 September 2014, which is the last trading day before the Company's board of directors resolved to approve the acquisition of assets.

Table 5-5: Weighted average market price of TICON share during the last 7 – 360 trading days

	7 day	15 day	30 day	60 day	90 day	120 day	180 day	270 day	360 day
Weighted average market price (THB per share)	18.1 6	17.9 8	17.8 8	18.3 0	17.8 4	17.66	17.45	17.33	17.98
Average daily trading volume (million share)	5.73	5.20	3.99	7.23	7.55	7.08	5.85	5.19	4.77



Based on the weighted average market price approach, the share value of TICON is THB 17.33 —18.30 per share.

During the last 360 trading days, TICON share has the highest price of THB 25.50 per share and the lowest price of THB 14.40 per share. The historical price movement is shown as follows.

Figure 5-1: TICON's stock price movement during the last 360 trading days



Source: SETSMART

5.4. Market comparable approach

This valuation approach uses various financial ratios of listed companies with similar business to TICON to compare and determine the fair value. The IFA selects 7 comparable companies as follows.

Table 5-6: Summary of comparable companies

Company name	Ticker	Sector	Nature of business
Amata Corporation Public Company Limited	AMATA	Property development	Development and management of industrial estates on the Eastern Seaboard of Thailand and in Vietnam. AMATA, together with its subsidiaries, also provide a range of industrial utilities such as power, water, and natural gas.
Hemaraj Land And Development Public Company Limited	HEMRAJ	Property development	Development of industrial estates located in the area of Chonburi, Rayong and Saraburi. HEMRAJ also provides ready built factories to support SME investment.
Navanakorn Public Company Limited	NNCL	Property development	Development of property and industrial estate projects for trading and leasing, and providing utilities and other facilities services in the industrial estates.
Rojana Industrial Park Public Company Limited	ROJNA	Property development	Property development focusing on industrial estates with related businesses such as the business of electricity generation and water production for industrial use.
Thai Factory Development Public Company Limited	TFD	Property development	Development of land for industrial estates and ready-made standard factory for sale and rent in industrial estates or industrial zones in Bangkok and vicinity. TFD diversifies its business by investing in serviced apartment and condominium business in Bangkok's central business district.
WHA Corporation Public Company Limited	WHA	Property development	Develops and rents out warehouses, distribution centers and factories, these projects consist of the customised requirements project (Built-to-Suit) and high standard project (General Warehouse). Furthermore, WHA has a policy to sell assets to WHA Premium Factory and Warehouse Freehold and Leasehold Property Fund (WHAPF) continuously and WHA has been appointed to be the property manager for WHAPF.



Company name	Ticker	Sector	Nature of business
Wyncoast Industrial Park Public Company Limited	WIN	Property development	Real estate development business in Bangna-Trad km.52. It operates an industrial park both in free zone area and outside of free zone area.

Source: SET

Price-to-earnings ratio (P/ E) and price-to-book value ratio (P/ BV) of the comparable companies under various time frames from 7 to 360 trading days counting backward from 29 September 2014 are summarised as follows.

Table 5-7: Summary of comparable ratios

Comparable companies	Price ratios during different historical time frames								
	7 day	15 day	30 day	60 day	90 day	120 day	180 day	270 day	360 day
<u>Price-to-earnings</u>									
AMATA	15.46	15.60	15.83	12.63	11.43	11.19	9.86	9.57	10.45
HEMRAJ	8.96	8.82	8.54	8.42	8.26	8.10	8.30	9.08	10.07
NNCL ¹	n.a.	n.a.	n.a.	13.01	13.25	12.62	9.99	8.21	9.04
ROJNA	24.63	24.86	24.72	36.04	43.15	32.51	35.16	33.52	21.53
TFD ¹	78.36	75.51	76.07	77.03	77.25	68.38	44.51	32.72	30.32
WHA	28.28	27.44	26.62	25.34	23.65	22.62	25.94	36.26	45.05
WIN ¹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15.88	18.01	16.54
Comparable average	19.33	19.18	18.93	20.61	21.62	18.60	19.82	22.11	21.77
Property development sector average	18.32	18.05	18.01	17.97	17.36	16.73	15.82	15.57	16.33
<u>Price-to-book value</u>									
AMATA	2.05	2.07	2.10	2.11	2.07	2.04	1.92	2.00	2.13
HEMRAJ	3.04	3.00	2.90	2.73	2.63	2.58	2.49	2.56	2.69
NNCL	1.20	1.21	1.21	1.20	1.21	1.22	1.22	1.24	1.28
ROJNA	1.73	1.75	1.74	1.73	1.69	1.64	1.62	1.65	1.72
TFD ²	6.32	6.09	6.14	6.17	6.16	5.77	5.64	5.98	6.40
WHA ²	11.00	10.68	10.36	9.07	8.19	7.85	7.80	8.74	9.05
WIN	3.32	3.27	3.22	3.21	2.96	2.76	2.56	2.64	2.60
Comparable average	2.27	2.26	2.23	2.20	2.11	2.05	1.96	2.02	2.09
Property development sector average	2.43	2.39	2.38	2.36	2.27	2.21	2.10	2.15	2.28

Source: SETSMART

Note: 1. The IFA did not take into account of NNCL, TFD and WIN ratios in the calculation of price-to-earnings ratio, because NNCL and WIN have net loss and TFD has significantly high ratio when compared to the group average.
2. The IFA did not take into account of WHA and TFD ratios in the calculation of price-to-book ratio, because the ratios of those companies are significantly higher than that of the group average

5.4.1. Price-to-earnings multiple approach (P/ E ratio)

This valuation approach is based on the earnings per share over the last 12 months (July 2013 - June 2014) multiplied by the average price-to-earnings ratio (P/ E) of the comparable listed companies under various time frames from 7 to 360 trading days counting backward from 29 September 2014, which is the last trading day before the Company's board of directors resolve to approve the acquisition of assets. Details are summarised as follows.

Table 5-8: Price-to-earnings valuation (P/ E)

	7 day	15 day	30 day	60 day	90 day	120 day	180 day	270 day	360 day
Average P/ E	19.33	19.18	18.93	20.61	21.62	18.60	19.82	22.11	21.77
Earnings per share (THB)	1.07	1.07	1.07	1.07	1.07	1.07	1.07	1.07	1.07
Share value (THB per share)	20.59	20.43	20.16	21.95	23.03	19.82	21.11	23.55	23.19

Based on the price-to-earnings multiple approach, the share value of TICON is THB 19.82 - 23.55 per share.

5.4.2. Price-to-book value approach (P/ BV ratio)



This valuation approach is based on the book value per share as of 30 June 2014 multiplied by the average price-to-book value ratio (P/ BV) of the comparable listed companies under various time frames from 7 to 360 trading days counting backward from 29 September 2014, which is the last trading day before the Company's board of directors resolution to approve the acquisition of assets. Details are summarised as follows.

Table 5-9: Price-to-book (P/ BV)

	7 day	15 day	30 day	60 day	90 day	120 day	180 day	270 day	360 day
Average P/ B	2.27	2.26	2.23	2.20	2.11	2.05	1.96	2.02	2.09
Book value per share (THB)	9.61	9.61	9.61	9.61	9.61	9.61	9.61	9.61	9.61
Share value (THB per share)	21.81	21.69	21.46	21.10	20.30	19.67	18.84	19.39	20.03

Based on the price-to-book value approach, the share value of TICON is THB 18.84 - 21.81 per share.

5.5. Discounted cash flow approach or DCF

The discounted cash flow approach is calculated by discounting the expected future cash flows at the appropriate rate. The IFA forecasts the future cash flows until 2019 based on the information obtained from interviewing TICON management and staff on the assumptions and reasoning used in the preparation of forecast financial statements, and future business plan and policy. The IFA also takes into account relevant historical financial and industry data in order to maintain a conservative approach.

Nevertheless, this valuation exercise is prepared based on a going concern basis under the current economic and industry conditions. If any of the above factors or other external factors that have impact on the operating of the business significantly changes from the assumptions made herein, the share value based on this approach may also differ.

5.5.1. Key assumptions used in financial forecast

1) Revenue forecast

Revenue of TICON consists of rental and related service income, revenue from construction services, revenue from sales of properties, management fee income from associates, utility income, and other income. The IFA determines various assumptions based on interviews with the management, past operating results, property sale and investment plan, and growths of the economy, factory and warehouse rental industry and property fund investment market, as well as the future trend of said factors. The main assumptions in preparing the forecast are as follows.

Table 5-10: Key revenue assumptions

Revenue	Assumption
Rental and related service income	Core business of TICON is from renting out factories and warehouses. Assumption is based on property sale/ investment plan, rental rate growth forecast and occupancy rate forecast of TICON that are adjusted by the IFA
Construction services	Revenue from construction services is from assisting the current tenants expanding/ modifying the rented factories. Assumption is based on historical 3-year average proportion to rental and related service income (6.2%)
Sales of properties	Revenue from sales of properties is from selling factories and warehouses to property funds. Assumption is based on property sale/ investment plan that is adjusted by the IFA and investor's expected return.
Management fee income from associates	Management fee is from managing property for property funds. Assumption is based on the current management fee rates.
Utility	Utility income is from securing temporary utilities for factory tenants. Assumption is based on 3-year average proportion to rental and related service income (2.3%)
Other	Other income such as selling of scrap, penalty income and insurance income is not forecast since it is not a recurring item from operation of core business

- Property sale and investment plan

The IFA forecasts construction in 2014 based on the actual construction during the first 8 months and sale in 2014 based on the REIT establishment plan in the 4th quarter of 2014.



For the factory forecast, the IFA assumes that the construction of factory will have annual expansion of 5.4% from total area under management of TICON (including area owned by TICON, TLOGIS, TGROWTH, and REIT that will be established in the future), which is calculated from the historical 3-year compound annual growth rate. From 2015 onwards, the IFA assumes the number of factory sold to REIT in the future to be equal to the number of factory constructed.

For the warehouse, the IFA forecasts the construction and sale of warehouse based on the management forecast. The number of warehouses sold in the last year of forecast equals to the number of constructed warehouses. The IFA expects that the forecast is plausible due to demand from increase economic activities, especially from logistic business from the implementation of AEC in 2015.

Details of property sale and investment plan are as follows.

Table 5-11: Historical available area for rent

(sq.m.)	2009A	2010A	2011A	2012A	2013A	1H 2014A
Factory						
Central	414,950	434,775	375,390	424,565	375,965	336,165
East	23,225	40,050	55,175	58,400	68,550	35,590
Total factory	(3,400)	(99,435)	(6,000)	(107,000)	(108,350)	(22,000)
Warehouse	434,775	375,390	424,565	375,965	336,165	349,755
Central						
East	152,796	112,120	189,074	220,362	355,531	348,186
North-east	29,795	76,954	86,518	252,833	174,750	143,572
South	(70,471)	-	(55,230)	(117,664)	(182,095)	-
Total warehouse	112,120	189,074	220,362	355,531	348,186	491,758

Source: TICON

Table 5-12: Forecast available area for rent

(sq.m.)	2014F	2015F	2016F	2017F	2018F	2019F
Factory						
Beginning	336,165	363,450	363,450	363,450	363,450	363,450
Constructed	101,535	59,197	62,366	65,705	69,223	72,929
Sold	(74,250)	(59,197)	(62,366)	(65,705)	(69,223)	(72,929)
Ending	363,450	363,450	363,450	363,450	363,450	363,450
Warehouse						
Beginning	348,186	519,010	632,676	658,325	773,567	850,675
Constructed	331,347	314,189	256,172	375,765	367,630	357,713
Sold	(160,523)	(200,523)	(230,523)	(260,523)	(290,523)	(357,713)
Ending	519,010	632,676	658,325	773,567	850,675	850,675

- Occupancy rate forecast

The average occupancy rate during the early-2014 is lower than the past average rate due to impacts from political events and world economy slowdown. The IFA expects that the occupancy rate will recover to the normal level from increase in economic activities from the implementation of AEC in 2015 and the recovery of the economic sector.

Table 5-13: Forecast occupancy rate

	Average (2010- 2013)	1H 2014A	2014F	2015F	2016F	2017F	2018F	2019F
Factory	80.7%	66%	67%	67%	78%	78%	78%	78%
Warehouse	82.7%	61%	61%	65%	78%	78%	78%	78%

- Rental rate growth forecast

Rental rate growth is based on the forecast made by the management at 2% per annum.

Table 5-14: Forecast rental rate growth

	CAGR (2010-2013)	2014F	2015F	2016F	2017F	2018F	2019F
Factory	2.2%	2%	2%	2%	2%	2%	2%



	CAGR (2010-2013)	2014F	2015F	2016F	2017F	2018F	2019F
Warehouse	2.7%	2%	2%	2%	2%	2%	2%

- Forecast yield on sale of property

The IFA determines the selling price of property based on the expected return after deducting relevant expenses and the investors' expected rate of return from such investment. The IFA assumes the average expected yield from investment in factory and warehouse rental by property funds to be 7.7%, which is based on the average yield from public offerings during 2012 - 2014. Details are as follows.

Table 5-15: Historical yield on sale of property to fund

Property fund	Ticker	Fund type	Transaction	Yield¹
TICON Property Fund	TFUND	Freehold	6 th PO in 2012	7.52%
TPARK Logistics Property Fund	TLOGIS	Freehold	2 nd PO in 2012	7.75%
TICON Industrial Growth Leasehold Property Fund	TGROWTH	Leasehold	IPO in 2013	9.18%
WHA Premium Factory And Warehouse Freehold And Leasehold Property Fund	WHAPF	Mixed	IPO in 2013	6.58%
Pinthong Industrial Park Property Fund	PPF	Freehold	IPO in 2014	7.90%
Hemaraj Industrial Property And Leasehold Fund	HPF	Mixed	IPO in 2013	7.28%
Average				7.70%

Note: 1. The yield is after deducting fund expenses. The IFA estimates the average before-expenses yield at 8.42%.

- Property management fee

Table 5-16: Property management fee

Fee	TFUND	TLOGIS	TGROWTH/ TREIT
Management fee	4.00% of rental and service income	2.00% of rental and service income	TICON: 4.00% of rental and service income TPARK: 2.00% of rental and service income
Incentive fee ¹	6.01% of operating profit	4.72% of operating profit	1.68% of operating profit

Note: 1. Incentive fee is calculated from percentage of operating profit of property fund and REIT between 0% - 19.5%. The IFA estimates the above rates based on actual incentive fee incurred in 2013.

2) Expenses forecast

Key assumptions on the forecast of expenses are as follows:

Table 5-17: Key cost assumptions

Cost	Assumption
Rental and related service income	Assumption is based on from historical 3-year cost margin Excluding repair and maintenance cost which is assumed to vary based on area available for rent. The cost per sq.m. is calculated from data after 2012 to exclude extraordinary expenses incurred from flooding. The unit cost is assumed to increase per year by 3% following the inflation rate.
Construction services	Assumption is based on historical 3-year cost margin (81.2%)
Sales of properties	Assumption is based on percentage of cost of construction to selling price per sq.m. in each year (68% - 76%)
Utility	Utility cost is incurred from prepaying for the customers and then claimed back from the customers at the same amount without seeking profit from such services. The cost is assumed to be equal to the income.
Other	Other expense is not forecast since it is not a recurring item from operation of core business.
Selling	Assumption is based on percentage of selling expenses to rental revenue during the last 2 years, as the flooding in 2011 caused the selling activities to be lower than normal. In addition, expenses for setting new REIT in 2014 is calculated at 1.9% of the initial public offering size by referring to the establishment of TGROWTH in 2013.



Cost	Assumption
Administrative	Assume salary-related expenses to increase per year by 5% following TICON salary adjustment policy. Other fixed administrative expenses are assumed to increase per year by 3% following the inflation rate. Variable administrative expenses, such as repair and maintenance cost and security cost, are assumed to vary based on available area for rent. The cost per sq.m. is assumed to increase per year by 3% following the inflation rate. In addition, expenses for registration of new REIT in 2014 are calculated at 0.5% of the initial public offering size by referring to the establishment of TGROWTH in 2013.
Interest	Interest rate is referred from average historical interest rate during 2011 – 2013 at 4.3%
Corporate income tax	Corporate income tax rate is equal to 20% for 2014 – 2015 and will be adjusted to 30% from 2016 onwards. However TICON has investment promotional privileges, therefore the IFA assumes effective tax rate of 16.5% in 2014 – 2015 and 24.8% from 2016 onwards by referring to the tax deduction from normal tax rate during 2012 – 2013.

3) Assets and liabilities forecast

Key assumptions on the forecast of assets and liabilities are as follows.

Table 5-18: Key asset and liability assumptions

	Assumption
<u>Assets</u>	
ó Trade receivable	Assumption is based on to historical 3-year average collection day of 78 days
ó Investments in associates	Assume that TICON will maintain a 25% ownership per TICON’s management policy.
ó Assets used in business operation	Assume that properties are constructed and sold to the above plan. Investment cost consists of construction cost (THB 11,000 per sq.m. for factory and THB 12,000 per sq.m. for warehouse), land fill cost (THB 0.56 million per rai) and land cost (THB 2.12 – 2.20 million per rai). Moreover, the IFA assumes that the proportion of factory/ warehouse area to total land area to be 40%, cost of construction and land fill will increase by 3% per year (inflation rate), and land cost will increase by 7.5% per year (historical 5-year average increase in land price (source: Bank of Thailand))
ó Land, property and equipment	Assume investment to maintain assets at the current level
ó Other assets	Assume to be constant for the forecast period
<u>Liabilities</u>	
ó Trade payable	Refer to historical 3-year average payable day of 78 days
ó Financial debt	Mostly consists of bonds and loans from financial institutions. The IFA assumes that existing debts are repaid as per the current schedule and additional borrowing is made as new capital is required.
ó Other liabilities	Assume to be constant for the forecast period

5.5.2. Financial forecast

From the above assumptions on the forecast of revenues, expenses, assets and liabilities, the financial forecast of TICON from 2014 to 2019 is as follows.

Table 5-19: Forecast income statements

THB million	2014F	2015F	2016F	2017F	2018F	2019F
Rental and related service income	1,146	1,418	1,845	2,017	2,235	2,399
Revenues from construction services	71	88	115	125	139	149
Sales of properties	5,468	6,086	6,985	7,921	8,897	10,825
Utility income	26	32	42	46	51	55
Management fee income from associates	211	256	311	375	447	527
Total revenues	6,953	7,881	9,298	10,485	11,770	13,955
Cost of rental and related	(334)	(442)	(596)	(671)	(768)	(848)



THB million	2014F	2015F	2016F	2017F	2018F	2019F
services						
Cost of construction services	(58)	(72)	(93)	(102)	(113)	(121)
Cost of sales of properties	(3,697)	(4,252)	(4,987)	(5,778)	(6,631)	(8,263)
Cost of utilities	(26)	(32)	(42)	(46)	(51)	(55)
Selling expenses	(156)	(63)	(83)	(91)	(101)	(109)
Administrative expenses	(356)	(349)	(375)	(399)	(424)	(460)
Depreciation	(188)	(219)	(166)	(184)	(207)	(227)
Total expenses	(4,816)	(5,429)	(6,342)	(7,272)	(8,296)	(10,083)
Operating profit	2,137	2,452	2,956	3,213	3,473	3,872
Share of profit from investments in associates	417	494	632	794	977	1,174
Earnings before finance cost and tax expenses	2,494	2,946	3,588	4,007	4,450	5,046
Finance cost	(633)	(669)	(744)	(827)	(935)	(949)
Earnings before tax expenses	1,862	2,277	2,844	3,180	3,516	4,097
Income tax expenses	(308)	(377)	(706)	(789)	(873)	(1,017)
Net profit	1,554	1,900	2,138	2,390	2,643	3,080

Table 5-20: Forecast financial position

THB million	2014F	2015F	2016F	2017F	2018F	2019F
Total assets	30,111	32,576	33,733	36,926	39,395	41,467
Total liabilities	18,153	19,857	20,028	21,997	23,007	23,202
Total shareholders+equity	11,958	12,719	13,706	14,929	16,387	18,265

5.5.3. Terminal value

The terminal value is calculated based on the growth rate of free cash flows after the forecast period (terminal growth rate). The IFA assumes the terminal growth rate to be 0% for conservative purpose.

5.5.4. Discount rate

The IFA calculated the discount rate used in calculating the present value of future cash flows of TICON by using the weighted average cost of capital (WACC) as follows.

$$WACC = (D / (D+E)) \times K_D \times (1 - T) + (E / (D+E)) \times K_E$$

Where:

D	Value of interest-bearing debt
E	Value of shareholders+equity
T	Corporate income tax rate of 20% in 2014 – 2015 and 30% for 2016 onwards
K _D	Cost of debt referring from 3-year average effective interest rate at 4.3%
K _E	Cost of equity computed using Capital Asset Pricing Model ('CAPM')

K_E are calculated from CAPM as follows:

$$1) K_E = R_F + \hat{G} \times (R_M - R_F)$$

Where:

R _F	Risk free rate referring from 10-year government bond yield as of 29 September 2014 at 3.5%
Beta (\hat{G})	Beta is the average volatility between SET market return and TICON stock return (Calculated from 2-year daily closing price). Unlevered beta is equal to 0.58
R _M	Market return, calculated from average total return of investing in SET during the past 10 years at 14.3% p.a.

Based on the above assumptions, the weighted average cost of capital is between 8.7% - 9.2% depending on the corporate income tax rate and the interest-bearing debt to equity ratio in each year. Details are as follows:

	2014F	2015F	2016F	2017F	2018F	2019F
WACC	9.2%	9.2%	8.8%	8.7%	8.7%	8.7%

5.5.1. Free cash flow forecast



From the above assumptions, the forecast of free cash flow to firm (FCFF) and the present value of free cash flow used to calculate the fair value of TICON share are as follows:

Table 5-21: Free cash flow forecast

THB million	2014F	2015F	2016F	2017F	2018F	2019F
Net operating profit after tax	2,082	2,459	2,697	3,012	3,346	3,794
Depreciation	464	586	663	745	851	939
Cost of sales of properties	3,697	4,252	4,987	5,778	6,631	8,263
Share of profit from investments in associates	(417)	(494)	(632)	(794)	(977)	(1,174)
Change in net working capital	96	120	156	172	186	354
Capital expenditure	(6,531)	(5,810)	(5,061)	(7,478)	(7,670)	(8,430)
FCFF	(608)	1,113	2,810	1,436	2,366	3,746
Terminal value (0%)						43,057
FCFF + TV	(608)	1,113	2,810	1,436	2,366	46,804
Enterprise value	33,054					
<u>Deduct</u> Interest bearing debt ¹	(16,642)					
<u>Add</u> Cash and short-term investment ¹	298					
<u>Add</u> Investment in associates ²	5,602					
Shareholders' equity value	22,312					
Number of issued and paid-up shares	1,099					
Share value (THB per share)	20.30					

Note: 1. Interim financial statements as of 30 June 2014

2. Market value as of 29 September 2014

Based on discounted cash flow approach, the share value of TICON is THB 20.30 per share.

5.5.2. Sensitivity analysis

The IFA performs the sensitivity analysis by varying key assumptions which have significant impact on the share value of TICON, including weighted average cost of capital, yield in calculating property selling price and area of property sold.

Table 5-22: Sensitivity analysis

Weighted average cost of capital	Increase by 0.5%	Base case	Decrease by 0.5%
Share value (THB)	19.12	20.30	21.58
Yield in calculating property selling price ¹	Increase by 0.5% (8.2%)	Base case (7.7%)	Decrease by 0.5% (7.2%)
Share value (THB)	17.96	20.30	22.93
Area of property sold	Decrease by 10%	Base case	Increase by 10%
Share value (THB)	18.21	20.30	22.35

Note: 1. The yield is after deducting fund expenses

Based on the sensitivity analysis, the share value of TICON is between THB 17.96 –22.93 per share.

5.6. Valuation summary

The valuation results of TICON share from various approaches are summarised as follows.

Table 5-23: Pros and cons for each valuation approach

Valuation approach	Pros and cons
Book value	Reflect financial position at a point in time without reflecting the fair value of the assets and important events that occurred after the referred financial statement date, as well as the future ability to generate profit.
Adjusted book value	Reflect value of net assets close to fair value and at present better than the book value approach, as well as accounting for important events that occurred after the referred financial statement date.
Weighted average market price	Market price is determined by the demand and supply of the investors, who has taken into account of information and various expectations as well as overall market condition.
Price-to-earnings	Reflect past operating result at a period of time and compare to



Valuation approach	Pros and cons
	average ratio of comparable companies. This approach does not take into account future business trend. Moreover, selected comparable companies are different in the nature of business.
Price-to-book value	Reflect operating result in the past and financial position at a point in time, and compare to average ratio of comparable companies. This approach does not take into account future business trend. Moreover, selected comparable companies are different in the nature of business.
Discounted cash flow	Reflect business plan, ability to generate profit and growth trend as well as shareholders-return in the future. This approach can reflect the intrinsic value of share to a good extent.

Based on the above reasons, the IFA has the opinion that the appropriate valuation approaches are adjusted book value approach, weighted average market price approach, and discounted cash flow approach. Therefore, the appropriate price of TICON share is between THB 16.81 –20.30 per share.



6. Conclusion of the independent financial adviser's opinion

Based on the study of relevant information, including the precedent condition of the Transaction, advantages and disadvantages of entering or not entering into the Transaction, and risks from the Transaction, the IFA has concluded that the investment in ordinary shares of TICON will be beneficial to the Company. The Transaction will generate stable income in form of profit sharing from investment in associates in addition to the Company's uncertain income from property and increase cash flow from dividends. The Company has invested in TICON since 2003 and is currently a major shareholder of TICON. The Company also has some representatives as authorised directors in TICON. Therefore, the Company has a good understanding of TICON's business. Moreover, an increase in ownership proportion will allow the Company to have more voting power for any significant agenda in the shareholders' meeting. From the approval of the whitewash, the Company can increase its investment in TICON to not exceed 50% of total voting rights without having to do a tender offer for all securities of TICON.

However, the acquisition of shares of TICON requires a large amount of fund. Therefore, the Company may lose the opportunity to invest in other businesses or assets in the future and may risk having a fund shortage. The Company plans to finance the Transaction by offering ordinary shares to the existing shareholders (rights offering). However, there is a risk that the existing shareholders will not purchase all shares from the rights offering and the Company will have insufficient fund. If the rights offering is not fully subscribed, the Company can offer these shares to others by private placement. In that case, there may be dilution effect of approximately 20% (if no subscription were made). Otherwise, the Company may need to borrow and bear a higher finance cost. Moreover, if the Company acquire additional shares of TICON, the Company will have higher exposure to operational risks of TICON. However, the Company's business is related to the business of TICON. The Company has also invested in TICON since 2003 and is currently a major shareholder of TICON. Therefore, the Company has a good understanding of TICON's business and should be able to manage those risks.

The IFA has performed the valuation of TICON based on the adjusted book value approach, the weighted average market price approach and discounted cash flow approach and arrived at the appropriate value between THB 16.81 - 20.30 per share. Since the maximum purchase price of THB 22 per share is higher than the range of appropriate value, the IFA has the opinion that the maximum price is not appropriate.

From the above reasons, the IFA has opined that the acquisition of the Additional Shares of TICON at the price of not exceeding THB 22 per share is higher than the highest value of share based on the IFA's valuation (at THB 20.30 per share). ROJNA's average cost of acquisition is low as it has invested in TICON since 2003. In case that the Company acquire the Additional Shares of TICON of the maximum price of THB 22 per share, the Company's average cost per share will be less than THB 20.30. Moreover, this transaction is to acquire shares over one year period and there is an opportunity to acquire those shares with the price less than 20.30 baht. The weighted average market price of TICON over seven trading days before 29 September 2014, which is the last trading day before the approval of this transaction by the board resolution, is THB 18.16 per share. If the shareholders vote against this transaction, the Company will lose the opportunity to acquire shares of TICON that is lower than the highest value based on the IFA's valuation. The maximum price at THB 22 per share provides flexibility for the Company's management to acquire TICON shares.

In addition, the acquisition of TICON shares is beneficial to the Company. ROJNA will earn more revenue in form of profit sharing from investment and more cash flow from dividends. Moreover, ROJNA will have more voting rights in TICON and the Company can determine its business direction in the future.

Therefore, the IFA has opined that shareholders should vote for this acquisition of shares of TICON.



However, the decision to vote for or against the transactions rests primarily with the justification of shareholders. The shareholders should consider all documents attached to this meeting invitation letter in order to come up with own justification for making appropriate decision.

Yours faithfully,

Monvalai Rachatakul
Supervisor
Grant Thornton Services Ltd.

Julaporn Namchaisiri
Managing Director, Corporate Finance
Grant Thornton Services Ltd.



7. Appendix

Appendix 1: Rojana Industrial Park Public Company Limited

1.1. History and significant development

Rojana Industrial Park Public Company Limited (‘ROJNA’) has been incorporated since 1988 with the registered capital of THB 10 million. The main business is property development in form of industrial park equipped with public utilities, which is operated by private sector under the investment promotion for industrial area from The Board of Investment of Thailand. The first project is located in Ayutthaya. In 1994, ROJNA increased its registered capital and was transformed into be a public company. It has been listed in the Stock Exchange on December 13, 1995.

Currently, ROJNA has registered capital of THB 1,602.96 million and paid-up capital of THB 1,443.26 million, which is in form of 1,443.26 million ordinary shares with par value of THB 1.

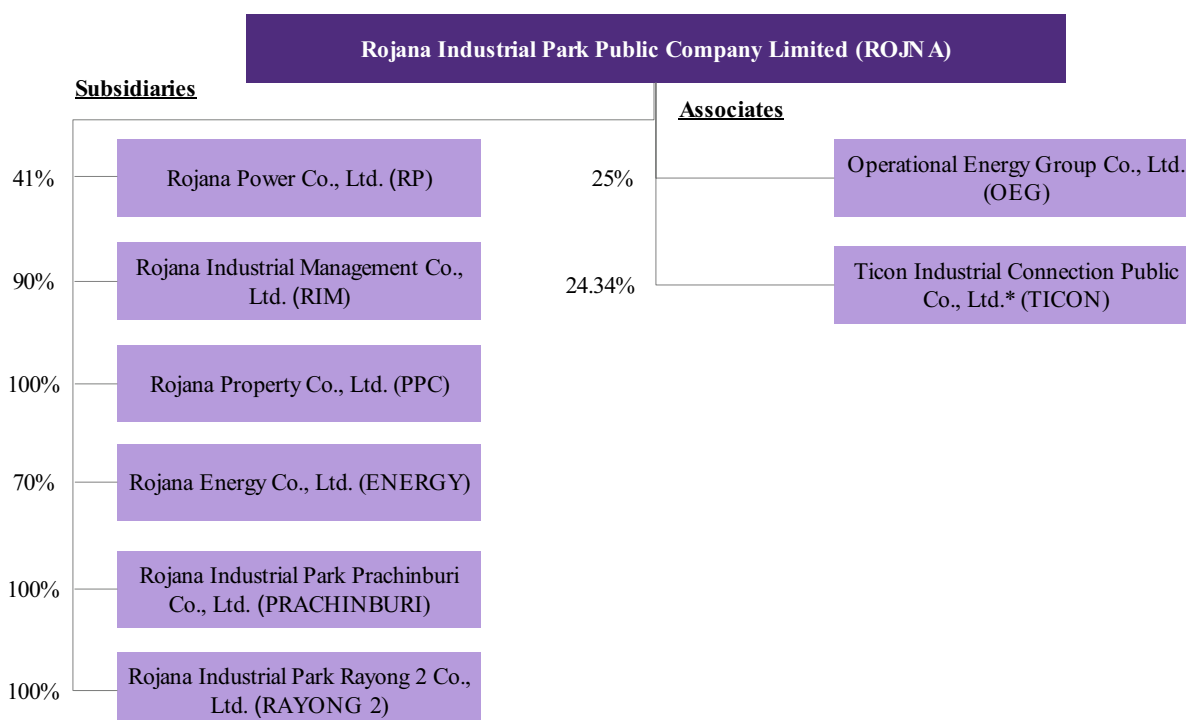
Major change and significant development

Year	Description
1995	<ul style="list-style-type: none"> ó Opening the second industry park in Rayong (Ban Khai-Ban Bung Road) ó Rojana Power Co., Ltd. (‘RP’) was established for generating and sale of electricity in Ayutthaya with generating capacity of 122 megawatts and steam of 43 tons per hour.
1997	<ul style="list-style-type: none"> ó Rojana Industrial Management Co., Ltd. was established for managing and providing public utility services to customers in both industry parks.
1998	<ul style="list-style-type: none"> ó 39% of investment in Rojana Power was sold to the partner named ‘Energie Baden-Württemberg Aktiengesellschaft’, thereafter this German partner sells the investment in RP to ‘Kansai Power International Corporation’
1999-2001	<ul style="list-style-type: none"> ó The power plant of RP has started generating electricity and sold to Electricity Generating Authority of Thailand (EGAT) for 90 megawatts. The remaining 30 megawatts and the steam with capacity of 43 tons per hour are sold to several factories in Rojana Industrial Park Ayutthaya. Later, there is a capital increase of THB 404 million in order to expand its capacity for 44 megawatts.
2002	<ul style="list-style-type: none"> ó Increased ownership proportion in RP from 26% to 41% by acquiring shares from Coventa Energy Corporation and change the status from associate to subsidiary. ó Invested in Operational Energy Group Co., Ltd. (‘OEG’) for 25% of total shares, which is a generator maintenance business.
2003	<ul style="list-style-type: none"> ó Invested in TICON Industrial Connection Public Company Limited (‘TICON’) for THB 399 million for the ownership proportion of 22.07% of total paid-up capital. ó Establish a subsidiary named Rojana Property Co., Ltd. to do property development in Condominium for rent and for sale.
2012	<ul style="list-style-type: none"> ó Expand to Eastern Region by acquiring two companies, which are <ol style="list-style-type: none"> 1. Rojana Industrial Park Prachinburi Co. Ltd. (formerly known as Prosperity Industrial Estate Co., Ltd.) in Amphur Si Maha Phot, Prachinburi. 2. Rojana Industrial Park Rayong 2 Co. Ltd. (formerly known as Pluak Daeng Industrial Park Co., Ltd.) in Amphur Pluak Daeng, Rayong.
2014	<ul style="list-style-type: none"> ó Declaring the intention to acquire 25.09 million shares of TICON, which are remained from the exercise of Transferable Subscription Right Lot No. 2 (TICON-T2) ó ROJNA will enter into the transaction after the extraordinary general shareholders-meeting of TICON. Rojana has the resolution to approve the share offering to the Company by private placement and the waiver of making a tender offer for all the Company’s shares by virtue of the resolution of the shareholders-meeting of the Company (Whitewash), as well as there is no objection from the Office of Security and Exchange Commission.



1.2. Shareholding structure

Figure 7-1: ROJNA's shareholding structure



Source: Note to the Company's consolidated financial statements for 3-month and 6-month period ended on 30 June 2014

* List of TICON shareholder adjusting based on the closing date of 25 August 2014

1.3. Business overview

The main business of ROJNA is property development in form of industrial park. The area is developed for factory construction and ROJNA provides public utility and facilities e.g. electricity, water supply, telephone line, wastewater treatment, as well as residential area to satisfy customer's need.

ROJNA also invests in subsidiaries and associates that do the business related to property and public utility services, which can be summarised as follows.

Table 7-1: Business type of companies in ROJNA group

Business/ Company	Nature of business
Infrastructure	
• Rojana Power Co., Ltd.	Generation and sale of electricity and steam, and provision of infrastructure services to industrial parks-clients in Ayutthaya.
• Rojana Industrial Management Co., Ltd.	Sale of water for industrial use and industrial waste water treatment.
• Rojana Energy Co., Ltd.	Development related to electricity generation, electricity from solar thermal energy systems.
Property	
• Rojana Industrial Park PCL.	Development of industrial parks for rent and sale, provision of infrastructure services in Ayutthaya.
• Rojana Property Co., Ltd.	Development of property particularly condominiums for rent and sale.
• Rojana Industrial Park Prachinburi Co., Ltd.	Development of industrial parks for rent and sale in Prachinburi.
• Rojana Industrial Park Rayong 2 Co., Ltd.	Development of industrial parks for sale and rent, and infrastructure services in Pluak Daeng District, Rayong.
Factory rental & logistics	
• TICON Industrial Connection Public Co., Ltd.	Construction of standard factories within industrial estates, areas/ parks for rent and/ or sale.
Operation and maintenance	
• Operational Energy Group Co., Ltd.	Provision of maintenance and services relating to electricity generation.



Source: 2013 Annual Registration Statement (56-1 form)

During 2011-2013 and the first six months of 2014, the proportion of revenue from sale of electricity is highest. In 2013, revenue from sale of electricity is 89.28% of total revenues. However, revenue from property business is also a major source of revenue with the proportion of 33.90%-60.74% during 2011-2013.

Table 7-2: Income structure of ROJNA

	2011		2012		2013		6-month period Jan. —Jun. 2014	
	THB million	%	THB million	%	THB million	%	THB million	%
Income from property	2,190.37	33.90%	4,701.25	60.74%	3,744.37	34.13%	389.32	8.40%
Income from electricity	4,000.61	61.92%	1,394.11	18.01%	5,299.82	48.31%	4,131.95	89.17%
Income from water	51.88	0.80%	74.37	0.96%	110.62	1.01%	60.21	1.30%
Income from ethyl alcohol	84.84	1.31%	1.69	0.02%	-	-	-	-
Income from compensation from insurance companies	-	-	1,214.00	15.68%	962.78	8.78%	3.13	0.07%
Gain on sale of investment in subsidiary	-	-	-	-	486.65	4.44%	-	0.00%
Shares of profits from investments accounted for using the equity method	120.11	1.86%	271.08	3.50%	319.35	2.91%	39.29	0.85%
Other incomes	12.97	0.20%	83.74	1.08%	47.55	0.43%	9.82	0.21%
Total	6,460.78	100.00%	7,740.23	100.00%	10,971.15	100.00%	4,633.72	100.00%

Source: Consolidated financial statements for the year ended 31 December 2011 to 2013 and the interim consolidated financial statements for the 6-month period ended 30 June 2014

Products

- Property development of industry park

Products of ROJNA include land for factory construction with public utility services and other facilities for entrepreneurs to establish their factories in the industrial park. Public utility services include electricity, water supplies, telephone line, wastewater treatment, as well as residential areas like flats or apartments, clubhouses, sport fields, restaurants, etc. The Company has asked the permit from Department of Industrial Works, Ministry of Industry in order to establish the industrial park, industrial land, and industrial community. Moreover, the Company has applied for investment promotion from the Office of Board of Investment (BOI) in order to enable the company industrial park to satisfy customer's need.

ROJNA has plan to develop its industrial park by classify an area in the industrial park into 4 zones as follows.

- 1) General Industry District or Industrial Zone is the area that are assigned for industrial works and other activities related to industrial works
- 2) Commercial Zone is the area that are assigned for business which are related to commercial business like bank, post office, hospital, gas station, and school or college, etc.
- 3) Residential Zone is the areas that are assigned for construction of housing e.g. flat, condominium, or detached house, etc.
- 4) Infrastructure Zone or Facility Zone is the area that are assigned for public utility and various facilities which include public place like clubhouse, road, water supply plant, wastewater treatment plant, garbage disposal plant, reservoir, small park, and lake, etc.

Production and procurement

- × Production (Total Capacity)

For industry park development, the Company needs to prepare the land area not less than 500 rai. The selection criteria are based on location, water source, public utility, government regulations. The Company needs to do the design and site planning, environmental impact assessment, as well as,



construction and development. In recent period, the Company has hired the local contracting company who is specialised in design and constructing industrial park and is certified with ISO standard.

The Company provides the area for entrepreneurs for factory construction. The main product is land. Other products are to provide public utility and facility to entrepreneurs who run their businesses in that area which are as follows:

- 1) Roads in Rojana Industrial Park are strong and durable. The main road is four-lane. The total width is not less than 30 meters and road surface is not less than 14 meters. There is a street isle and the width of sidewalk for each side is not less than 2 meters. Moreover, the shoulder must be available for emergency stop. The side road must have the road surface of not less than 8.5 meters with shoulder of not less than 2 meters for each side.
 - 2) Water supply is available for customers to use for industrial purpose. The current capacity is 75,000 square meters per day.
 - 3) Electricity from both RP and Provincial Electricity Authority (PEA). The electrical substation is located within the area of Rojana Industrial Park.
 - 4) There are drainage system, wastewater treatment system and garbage disposal system in Rojana Industry Park. The wastewater from factories will be brought to the center wastewater treatment plant with sufficient capacity for customer's need. For garbage disposal, the Company also provides the services to customers. The garbage trucks will collect garbage from customers every day.
 - 5) Other facilities which located in Rojana Industrial Park include apartment, commercial buildings, shops, restaurants, and banks.
- × The number of industry parks

Currently, there are 4 industrial parks operated by ROJNA and subsidiaries as follows.

- 1) Ayutthaya Project is located at 1 Moo 5, Rojana Road, Tambol Kanharm, Amphur U-Thai, and Ayutthaya. Total land area is 11,835 rai.
- 2) Rayong Project is located at 3/ 7 Moo 2, Ban Khai-Ban Bung Road, Tambol Nongbua, Amphur Ban Khai, Rayong. Total land area is 2,373 rai.
- 3) Rayong Project No. 2 (Pluak Daeng) is located at 54/ 5 Moo 1, Tambol Mapyanporn, Amphur Pluak Daeng, Rayong. Total land area is 1,259 rai.
- 4) Prachinburi Project is located at 141 Moo 12, Tambol Huawa, Amphur Si Maha Phot, Prachinburi. Total land area is 5,651 rai.

Table 7-3: Industrial park/ area projects of ROJNA and subsidiaries

Project/ Phase of development	Project area					Profiting area of sale/ lease ¹ (%)	Non-profitting area of sale/ lease ² (%)	Project Sale Value (THB Million)	Progress of sale / lease (%)
	Industrial/commercial area	Central area/residential area	Donated space/expropriation	Area for development	Total project area (Rai)				
Project in Ayutthaya Province									
1. Phase 1	483	176			659	73%	26.71%	853	100%
2. Phase 2	524	123			647	81%	19.01%	1,101	100%
3. Phase 3	730	199	-	-	929	79%	21.42%	1,665	100%
4. Phase 4	141	84	-	-	225	63%	37.33%	386	100%
5. Phase 5	589	192	-	-	781	75%	24.58%	1,438	88.46%
6. Phase 6	424	71	-	-	495	86%	14%	1,063	90.80%
7. Phase 7.1-2	1,597	527	8	-	2,132	75%	25%	4,138	97.87%
Phase 7 (extension)	110	23	-	97	230	48%	52%	310	100%
8. Phase 8.1	1,580	541	8	-	2,129	74%	26%	2,973	73.48%
Phase 8.2	1,192	391	-	-	1,583	75%	25%	1,010	23.66%
9. Phase 9 (extension)	22	-	-	1,127	1,149	2%	98%	48	100%
10. Phase 10	-	-	-	954	954	-	-	-	-
Project in Rayong Province (Ban Khai)									
1. Phase 1	435	206	5	-	646	67%	33%	535	82.07%



Project/ Phase of development	Project area					Profiting area of sale/ lease ¹ (%)	Non-profiting area of sale/ lease ² (%)	Project Sale Value (THB Million)	Progress of sale / lease (%)
	Industrial/ commercial area	Central area/ residential area	Donated space/ expropriation	Area for development	Total project area (Rai)				
2. Phase 2	846	291	10	190	1,337	63%	37%	726	53.90%
3. Phase 3	293	97	-	-	390	75%	25%	155	34.13%
Project in Rayong Province (Pluakdaeng)									
1. Phase 1	383	120	-	-	503	76%	24%	842.16	100%
2. Phase 2	595	162	-	-	757	79%	21%	240.90	18.41%
Project in Prachinburi									
1. Phase 1	3,150	1,050	-	-	4,200	75%	25%	2,681	75.24%
2. Phase 2	-	-	-	1,451	1,451	-	-	-	-

Source: 2013 Annual Registration Statement (56-1 form)

Note: 1. Profiting area of sale/ lease i.e. industrial and commercial areas

2. Non-profiting area of sale/ lease i.e. central area residential area, donated space/ expropriation and area for development

- Production and sale of electricity and steam

Characteristic of products

The main product of Rojana Power Co., Ltd. (RP), the subsidiary of ROJNA, is electricity. Currently the production capacity of RP is 265 megawatts. The Company sells 90 megawatts to EGAT (in form of SPP-Firm contract) and the remaining is sold to factories located in Rojana Industrial Park. In the second quarter and the third quarter of 2013, after the finish of expansion and the second phase of power plant, total capacity has increased to 429 megawatts and the capacity of steam production is 143 tons per hour.

Characteristic of power plant

Currently, RP is the cogeneration power plant with capacity of 265 megawatts and the capacity of steam production is 63 tons per hour. The equipment in production process of electricity and steam includes 5 sets of Gas Turbine and Gas Turbine Generator with capacity of 42 megawatts and 2 sets of Steam Turbine and Steam Turbine Generator with the capacity of 38 megawatts and 30 megawatts respectively. The main fuel is natural gas from PTT.

Production process

The process of electricity generation is based on cogeneration system from Gas Turbine Generator (GTG) and Steam Turbine Generator (STG), as well as from re-using heat gas from gas turbine generator to steam turbine generator that is called Heat Recovery Steam Generator (HRSG). The high temperature from heat gas will be transferred to water to make steam and the heat in steam is transformed into mechanical energy to move steam turbine for electricity generation.

Gas turbine generator (GTG)

There are five sets of gas turbine generator and the natural gas is the main fuel. The capacity of each generator is 42 megawatts. The air is pumped through the air filter before put into gas turbine generator with high pressure. Then, natural gas is injected into the chamber for ignition. After ignition, it will become exhaust gas and expand to move the blade of gas turbine, after the gas turbine has operate, at the end of the shaft will pull the rotor of turbine generator to move in order to generate electricity. Within the chamber, the temperature is controlled to reduce the oxide of nitrogen (NO_x) because the amount of NO_x is related to the level of temperature. For the heat gas, the heat is reused in steam turbine generator.

Heat recovery steam generator (HRSG)

The heat gas from GTG will be reused to produce steam in turbine generator to produce steam, which is called Heat Recovery Steam Generator (HRSG). There are five sets of HRSG. The heat gas from GTG is sent to heat exchange equipment in HRSG and the heat is transferred to purified water (within HRSG) to produce steam with designated pressure and temperature. The produced steam will be used for steam turbine generator (STG) and the heat gas after heat transfer in HRSG will be released from the system.

Steam turbine generator (STG)

The Steam Turbine Generator (GTG) will use steam from Heat Recovery Steam Generator (HRSG) in move the generator. The steam from HRSG is sent to move steam turbine in order to generate electricity. The



steam from STG is sent to condenser to make condensed water for reuse in the system. The condensation of steam will be done by heat exchange in cooling tower with water as medium.

1.4. Shareholder Structure

As of 27 March 2014 (the latest book closing date), ROJNA has the registered capital of THB 1,602.96 million and paid-up capital of THB 1,443.26 million, which is in form of 1,443.26 million ordinary shares with par value of THB 1. The name and ownership proportion of major shareholders are as follows:

Table 7-4: ROJNA's major shareholders

No.	Shareholder	No. of shares	Percentage
1	Nippon Steel & Sumikin Bussan Corporation	328,596,429	22.93%
2	Mr. Direk Vinichbutr	255,062,602	17.8%
3	Masahiro Property Company Limited	117,611,009	8.21%
4	Mr. Chai Vinichbutr	103,107,437	7.19%
5	Smk Asia Ltd	83,261,668	5.81%
6	Mrs. Chery Charanvas	69,456,065	4.85%
7	Kim Fong Co., Ltd.	47,259,309	3.3%
8	Mr. Pracha Kijwaramatha	37,519,958	2.62%
9	Thai NVDR Co., Ltd.	30,143,595	2.1%
10	Mr. Jirapong Vinichbutr	22,423,829	1.56%
11	Miss Chutharat Saeku	22,068,168	1.54%
12	Other shareholders (apart from the top 11 shareholders as mentioned above)	326,751,563	22.09%
	Grand total	1,443,261,632	100.00%

Source: The Stock Exchange of Thailand

1.5. Board of directors and management team

As of 31 December 2013, the board of directors composes of 11 persons and 6 of them are independent directors. The list of directors is as follows:

Table 7-5: ROJNA's board of directors

No.	Name	Position
1	Mr. Sukij Wanglee	Chairman of the board of directors/ Independent Director
2	Mr. Direk Vinichbutr	President/ Director
3	Mr. Jirapong Vinichbutr	Managing Director/ Director
4	Mr. Chai Vinichbutr	Director
5	Mr. Yasushi Takesawa	Director
6	Mr. Masaharu Takeda	Director
7	Mr. Pong Sarasin	Independent Director
8	Mr. Pongsak Angsuphan	Independent Director / Chairman of the audit committee
9	Miss Amara Charoenkijwatanakul	Independent Director / Audit Committee
10	Mr. Anuwat Metheewiboonwut	Independent Director / Audit Committee
11	Gen. Phanumat Seewara	Independent Director

Source: 2013 Annual Registration Statement (56-1 form)

The authorised directors are Mr. Direk Vinichbutr and Mr. Jirapongs Vinichbutr with the condition that these two directors sign together with the company stamp.

Table 7-6: ROJNA's executives

No.	Name	Position
1	Mr. Direk Vinichbutr	President and Authorised Director
2	Mr. Jirapong Vinichbutr	Managing Director and Authorised Director
3	Mr. Witaya Launglueyos	Senior General Manager
4	Mr. Kuniaki Hayashi	Marketing General Manager
5	Ms. Phongsri Sunaiyos	Chief Accountant

Source: 2013 Annual Registration Statement (56-1 form)



1.6. Financial position and performance

Table 7-7: ROJN A's consolidated statement of financial position

	31 December 2011		1 January 2013 (Revised)		31 December 2013 (Revised)		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Cash and cash equivalents	272.01	1.05%	250.62	0.74%	140.59	0.44%	168.03	0.50%
Temporary investment used as collateral	1,446.49	5.59%	335.97	0.99%	516.36	1.62%	96.25	0.29%
Trade and other receivables - net	257.65	1.00%	337.37	1.00%	1,261.09	3.95%	1,433.73	4.27%
Accrued income from insurance companies	100.68	0.39%	1,522.30	4.50%	-	0.00%	-	0.00%
Short-term loans to related companies	40.00	0.15%	-	0.00%	-	0.00%	-	0.00%
Property development costs	5,717.39	22.11%	6,805.25	20.10%	4,545.35	14.24%	4,927.75	14.69%
Inventories	171.03	0.66%	0.17	0.00%	0.20	0.00%	0.14	0.00%
Spare part - net	137.39	0.53%	141.44	0.42%	207.01	0.65%	230.90	0.69%
Advances to purchase land and construction	848.88	3.28%	602.02	1.78%	51.76	0.16%	34.26	0.10%
Other current assets	370.03	1.43%	753.25	2.22%	837.38	2.62%	814.22	2.43%
Total current assets	9,361.55	36.20%	10,748.39	31.75%	7,559.74	23.68%	7,705.29	22.97%
Restricted deposit at financial institutions	6.55	0.03%	5.63	0.02%	5.64	0.02%	5.62	0.02%
Advance payment for investments in associates	-	0.00%	-	0.00%	-	0.00%	1,108.27	3.30%
Investments in associates	1,902.90	7.36%	2,394.75	7.07%	2,500.38	7.83%	2,333.76	6.96%
Investment properties	2,279.86	8.82%	2,285.32	6.75%	2,212.31	6.93%	2,272.19	6.77%
Property, plant and equipment - net	12,089.05	46.75%	18,022.31	53.23%	19,285.41	60.40%	19,757.01	58.89%
Intangible asset - net	152.20	0.59%	350.81	1.04%	342.38	1.07%	338.63	1.01%
Other non-current assets	65.10	0.25%	48.15	0.14%	24.63	0.08%	27.91	0.08%
Total non-current assets	16,495.65	63.80%	23,106.97	68.25%	24,370.76	76.32%	25,843.38	77.03%
Total Assets	25,857.20	100.00%	33,855.36	100.00%	31,930.51	100.00%	33,548.67	100.00%
Bank overdrafts and short-term loans from financial institutions	2,426.42	9.38%	4,917.15	14.52%	1,595.82	5.00%	3,899.40	11.62%
Trade and other payables	665.93	2.58%	468.92	1.39%	1,099.50	3.44%	675.23	2.01%
Other payables - related parties	162.64	0.63%	154.60	0.46%	229.59	0.72%	225.69	0.67%
Assets payables	356.95	1.38%	331.92	0.98%	368.97	1.16%	177.17	0.53%
Retention payables	149.36	0.58%	358.51	1.06%	420.33	1.32%	420.27	1.25%
Accrued expenses	135.13	0.52%	450.67	1.33%	248.94	0.78%	107.85	0.32%
Advance received from customers	2,701.35	10.45%	2,700.08	7.98%	12.80	0.04%	12.93	0.04%
Hire-purchase payable due within 1 year	0.09	0.00%	-	0.00%	-	0.00%	-	0.00%
Short-term loan	578.27	2.24%	589.73	1.74%	-	0.00%	-	0.00%
Short-term loan from related parties	-	0.00%	112.00	0.33%	112.00	0.35%	-	0.00%
Current portion of long-term loan from financial institutions	1,086.39	4.20%	869.04	2.57%	1,686.60	5.28%	1,790.56	5.34%
Current portion of debenture	-	0.00%	-	0.00%	400.00	1.25%	-	0.00%
Unearned income	1,464.34	5.66%	284.70	0.84%	1,763.51	5.52%	2,098.82	6.26%
Advance received from insurance companies	935.64	3.62%	-	0.00%	50.00	0.16%	61.01	0.18%
Provisions liabilities on sale of investments in subsidiaries	269.00	1.04%	-	0.00%	-	0.00%	-	0.00%
Corporate income tax payable	-	0.00%	-	0.00%	10.30	0.03%	10.30	0.03%
Other current liabilities	92.52	0.36%	65.54	0.19%	88.30	0.28%	96.17	0.29%
Total current liabilities	11,024.02	42.63%	11,302.85	33.39%	8,086.64	25.33%	9,575.41	28.54%
Other payable - related parties	29.99	0.12%	246.91	0.73%	88.11	0.28%	-	0.00%
Long-term loans from financial institutions - net	7,441.30	28.78%	12,222.76	36.10%	13,576.13	42.52%	13,669.79	40.75%
Debenture - net	712.00	2.75%	712.00	2.10%	312.00	0.98%	392.00	1.17%
Other liabilities - deposit received	31.53	0.12%	31.27	0.09%	33.20	0.10%	34.61	0.10%
Employee benefit obligations	20.80	0.08%	20.42	0.06%	22.30	0.07%	23.86	0.07%
Total non-current liabilities	8,235.62	31.85%	13,233.36	39.09%	14,031.74	43.94%	14,120.26	42.09%
Total liabilities	19,259.65	74.48%	24,536.21	72.47%	22,118.38	69.27%	23,695.66	70.63%
Issued and paid-up share capital	1,159.83	4.49%	1,369.95	4.05%	1,431.60	4.48%	1,435.22	4.28%
Cash receipts from share subscription	-	0.00%	11.08	0.03%	4.01	0.01%	0.12	0.00%
Premium on share capital	1,991.66	7.70%	2,607.33	7.70%	2,787.97	8.73%	2,797.16	8.34%
Retained earnings								
Legal reserve	119.62	0.46%	160.30	0.47%	160.30	0.50%	160.30	0.48%



	31 December 2011		1 January 2013 (Revised)		31 December 2013 (Revised)		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Unappropriated	1,272.13	4.92%	2,467.75	7.29%	2,193.69	6.87%	2,166.85	6.46%
Other components of equity	13.54	0.05%	70.54	0.21%	190.77	0.60%	190.43	0.57%
Total shareholders' equity attributable to owners of parent	4,556.77	17.62%	6,686.94	19.75%	6,768.34	21.20%	6,750.09	20.12%
Non-controlling interests	2,040.78	7.89%	2,632.21	7.77%	3,043.79	9.53%	3,102.92	9.25%
Total shareholders' equity	6,597.55	25.52%	9,319.15	27.53%	9,812.13	30.73%	9,853.01	29.37%
Total liabilities and shareholders' equity	25,857.20	100.00%	33,855.36	100.00%	31,930.51	100.00%	33,548.67	100.00%

Note: Statement of financial position as of 1 January 2013 and 31 December 2013, improved the share of income from investments in associates.

Assets

As of 1 January 2012, total asset of the Company is THB 33,855.36 million, which has increased from previous year by THB 7,998.16 million or 30.93%. This increase is mainly from the project expansion of the Company and subsidiaries e.g. the expansion of property development into Eastern Region in Prachinburi and Rayong, the construction of water blockage surrounding the project area, the expansion of capacity of water supply plant, the construction wastewater treatment plant, and the construction of power plant. Therefore, the amount of property, plant, and equipment has increased significantly. Moreover, the Company has increased the investment in associates, which is TICON Industrial Connection Public Company Limited (TICON).

As of 31 December 2013, total asset of the Company is THB 31,930.51 million, which has decreased from previous year by THB 1,924.85 million or 5.69%. The Company has the lower cost of land development because the Company has disposed the investment in subsidiary in China whose business is about condominium. However, the Company has higher amount of property, plant, and equipment from the expansion of water supply plant.

As of 30 June 2014, total asset of the Company is THB 33,548.67 million, which has increased from previous year by THB 1,618.16 million or 5.07%. Part of the increase is from the prepayment of investment in TICON for THB 1,108.27 million.

Liabilities

As of 1 January 2012, total liability of the Company is THB 24,536.21 million, which has increased from previous year by THB 5,276.56 million or 27.40%. This increase is mainly from both long-term loan and short-term borrowings from financial institutions because the Company and subsidiaries need funds for restoring the business after the flood in 2011 and for investment in water supply and electricity.

As of 31 December 2013, total liability of the Company is THB 22,118.38 million, which has decreased from previous year by THB 2,417.83 million or 9.85%. This decrease is mainly from repayment of bank overdraft and short-term borrowings from financial institutions.

As of 30 June 2014, total liability of the Company is THB 23,695.66 million, which has increased from previous year by THB 1,577.29 million or 7.13%. This increase is mainly from an increase of bank overdraft and short-term borrowings from financial institutions.

Shareholders' Equity

As of 1 January 2012, total shareholders' equity of the Company is THB 9,319.15 million, which has increased from previous year by THB 2,721.60 million or 41.25%. This increase is from higher amount of retained earnings (net profit of the parent company is THB 1,193.85 million) and also the warrant holders (ROJNA-W2 and ROJNA-W3) exercised their rights to purchase ordinary shares with the premium on share capital.

As of 31 December 2013, total shareholders' equity of the Company is THB 9,812.13 million, which has increased from previous year by THB 492.98 million or 5.29%. This increase is also from higher amount of retained earnings (net profit of the parent company is THB 580.69 million) and also the warrant holders (ROJNA-W2 and ROJNA-W3) exercised their rights to purchase ordinary shares with the premium on share capital.



As of 30 June 2014, total shareholders' equity of the Company is THB 9,853.01 million, which has increased from previous year by THB 40.88 million or 0.42%. Part of this increase is from the warrant holders (ROJNA-W2 and ROJNA-W3) exercised their rights to purchase ordinary shares with the premium on share capital.

Table 7-8: ROJNA's consolidated statement of income

	For the year ended 31 December						For the 6-month period	
	2011		2012		2013		January—June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Revenue from sales of land	767.36	12.10%	2,188.44	29.30%	1,335.82	12.54%	238.63	5.19%
Revenue from sales of house and condominium	833.24	13.14%	1,870.59	25.04%	2,030.84	19.07%	3.55	0.08%
Revenue from sales	4,085.45	64.43%	1,395.80	18.69%	5,299.82	49.76%	4,131.95	89.93%
Revenue from hotel services	206.91	3.26%	399.32	5.35%	81.91	0.77%	-	0.00%
Service income	389.78	6.15%	282.65	3.78%	363.78	3.42%	189.18	4.12%
Rental income	44.95	0.71%	34.61	0.46%	42.65	0.40%	18.17	0.40%
Compensation income from insurance companies	-	0.00%	1,214.00	16.25%	962.78	9.04%	3.13	0.07%
Dividend income	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Gain on sale of investment in subsidiaries	-	0.00%	-	0.00%	486.65	4.57%	-	0.00%
Other income	12.97	0.20%	83.74	1.12%	47.55	0.45%	9.82	0.21%
Total revenues	6,340.67	100.00%	7,469.15	100.00%	10,651.79	100.00%	4,594.43	100.00%
Cost of land sold	(340.21)	-5.37%	(762.77)	-10.21%	(778.87)	-7.31%	(79.04)	-1.72%
Cost of house and condominium sold	(479.47)	-7.56%	(1,291.85)	-17.30%	(2,044.19)	-19.19%	(3.32)	-0.07%
Cost of goods sold	(3,691.10)	-58.21%	(2,051.22)	-27.46%	(5,086.09)	-47.75%	(3,728.96)	-81.16%
Cost of hotel services	(166.31)	-2.62%	(285.55)	-3.82%	(57.78)	-0.54%	-	0.00%
Cost of services	(201.83)	-3.18%	(296.39)	-3.97%	(346.79)	-3.26%	(145.70)	-3.17%
Cost of rental	(31.39)	-0.49%	(38.66)	-0.52%	(38.31)	-0.36%	(19.70)	-0.43%
Selling expenses	(184.16)	-2.90%	(234.31)	-3.14%	(217.74)	-2.04%	(9.92)	-0.22%
Reverse accrued insurance income net	-	0.00%	-	0.00%	(41.01)	-0.38%	-	0.00%
Administrative expenses	(661.05)	-10.43%	(776.23)	-10.39%	(721.30)	-6.77%	(232.22)	-5.05%
Director and managements' remuneration	(42.02)	-0.66%	(35.30)	-0.47%	(39.93)	-0.37%	-	0.00%
Loss from flood	(965.63)	-15.23%	-	0.00%	-	0.00%	-	0.00%
Loss on sale of investment in subsidiary	(269.00)	-4.24%	-	0.00%	-	0.00%	-	0.00%
Loss on impairment of investments	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Bad debts and doubtful accounts	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total expenses	(7,032.17)	-110.91%	(5,772.29)	-77.28%	(9,372.01)	-87.99%	(4,218.85)	-91.83%
Profit (loss) before financial costs and income tax	(691.50)	-10.91%	1,696.87	22.72%	1,279.79	12.01%	375.57	8.17%
Finance costs	(523.57)	-8.26%	(625.14)	-8.37%	(699.38)	-6.57%	(427.49)	-9.30%
Share of income from investment in associates	120.11	1.89%	271.08	3.63%	319.35	3.00%	39.29	0.86%
Profit (loss) before income tax	(1,094.97)	-17.27%	1,342.80	17.98%	899.76	8.45%	(12.63)	-0.27%
Income tax	-	0.00%	(29.52)	-0.40%	(16.58)	-0.16%	-	0.00%
Profit (loss) for the periods	(1,094.97)	-17.27%	1,313.28	17.58%	883.18	8.29%	(12.63)	-0.27%
Other comprehensive item								
Premium on share from change ratio of associates	1.45	0.02%	-	0.00%	-	0.00%	(0.34)	-0.01%
Foreign currency translation differences	40.28	0.64%	46.25	0.62%	-	0.00%	-	0.00%
Total comprehensive income (loss) for the periods	(1,053.24)	-16.61%	1,359.53	18.20%	883.18	8.29%	(12.97)	-0.28%



Revenues

Major revenues of the Company are as follows.

- 1) Revenue from sale of property. The Company will recognise revenue after transfer of risk to customers based on the accounting standard. During the first nine months of 2011, there are many customers making sale contracts so the transfer of title should have been at the end of 2011. However, the transfer of title was postponed to 2012 because of the flooding situation. Moreover, the transfers of title were made to customers who entered in the sale contract during 2012. Therefore, revenue in 2012 is much higher than 2011 and 2013. In 2012 and 2013, most customers would like to purchase the land in the new project and the construction process is more than 1 year. Therefore, there is no revenue recognition in 2013. During the first six months of 2014, the Company recognises revenue from sale of property from the transfer of title of two customers.
- 2) Revenue from sale of condominium in China. This revenue is from the subsidiary named RPD Property Development Co., Ltd. and KPD Property Development Co., Ltd. The revenue in 2012 is higher than 2011 because of revenue recognition from the first project and the complete of construction for the second project which the transfer of title will start in 2012. In 2013, the Company has disposed the investment in these two subsidiaries because of higher inflation and the change in government policy in China e.g. tight control of housing loan. Therefore, the Company has no revenue from sale of condominium during the first six months of 2014.
- 3) Revenue from sale of electricity. The flood in 2011 makes the temporary stop of power plant operation and the restoration has lasted around 1 year. The revenue in 2012 is from the purchase of electricity from Provincial Electricity Authority and resale to customers. At the end of 2012, the restoration is complete and the normal operation is resumed. In 2013, the Company has finished the construction of SPP 2 and can sell electricity to Electricity Generating Authority of Thailand for 90 megawatts. Therefore, the revenue from sale in 2013 is higher than 2012. During the first six months of 2014, the revenue from sale has increased by THB 2,102.25 million compared to the same period of previous year because the operation of SPP 2 and Rojana Energy Co., Ltd. has sold the solar power to customers.
- 4) Other revenues. In 2012, there are compensations from insurance (damages from flood and business interruption) for THB 1,214 million and other revenues for THB 800.32 million. In 2013, there are compensations from insurance for THB 962.78 million, gain from disposition of investment in two subsidiaries for THB 486.65 million, and other revenues for THB 535.89 million.

Cost of sale

Cost of sale of property in 2011, 2012, and 2013 are THB 340.21 million, THB 762.77 million, and THB 778.87 million respectively. The gross profits from sale of property are THB 427.15 million, THB 1,425.67 million, and THB 556.95 million respectively. In 2012, higher amount of gross profit compared to 2011 and 2013 is from sale of land in the new phase with relatively lower costs. During the first six months of 2014, the cost of sale of property is THB 238.63 million. The gross profit is THB 159.59 million and the gross profit margin is 66.88%.

Cost of sale of electricity in 2011, 2012, and 2013 are THB 4,085.45 million, THB 1,395.80 million, and THB 5,299.82 million respectively. The gross profit margins are 9.65%, -46.96%, and 4.03% respectively. Higher cost in 2012 and 2013 is because the Company needs to purchase electricity from Provincial Electricity Authority and resells it to customers during the period of restoration, not because of higher production cost. During the first six months of 2014, the Company has cost of sale of electricity for THB 3,728.96 million and gross profit margin is 9.75%.

Expenses

During 2011-2013, the Company has selling expenses for THB 184.16 million, THB 234.31 million and THB 217.74 million respectively. In the same period, the Company has administrative expenses for THB 661.05 million, THB 776.23 million, and THB 721.30 million respectively. In the last three years, there is an increase in administrative expenses due to flood which causes the company and its subsidiaries to have a higher cost in flood-preventing system and the restoration of projects, as well as, provision for employee benefits. During the first six months of 2014, the Company has lower selling expenses for only THB 9.92 million, which is mainly from the expense in contacting customers and advertising. The Company has administrative expense for THB 232.22 million, which is general administrative expense.



During 2011-2013, the Company has finance costs for THB 523.57 million, THB 625.14 million and THB 699.38 million respectively. An increase in finance costs for 2012 and 2013 compared to 2011 is mainly from higher amount of borrowings for investment in subsidiaries and many projects. During the first six months of 2014, the Company has finance costs of THB 427.49 million.

Table 7-9: ROJNA's consolidated statement of cash flow summary

THB Million	For the year ended 31 December			For the 6-month period
	2011	2012	2013	January — June 2014
Net cash flows from operating activities	1,706.83	(3,514.95)	2,475.10	(277.33)
Net cash flows from investing activities	(2,855.28)	(4,978.17)	(324.00)	(1,278.28)
Net cash flows from financing activities	1,162.08	8,464.47	(2,250.56)	1,583.05
Increase (decrease) in translation adjustments	5.33	13.80	-	-
Net increase (decrease) in cash	18.97	(14.86)	(99.45)	27.43

In 2012, the cash balance of the Company has decreased by THB 14.86 million. The net cash outflow from operating activities is THB 3,514.95 million including the compensation from insurance for business interruption, gain from sale of property, higher amount of interest expense from borrowings to invest in operating assets, the higher cost of land development from expansion to Eastern Region, and cash receipt for advance payment from sale of property. The net cash outflow from investing activities is THB 4,978.17 million including the investment in capacity expansion of power plants of Rojana Power Co., Ltd., the investment in solar power of Rojana Energy Co., Ltd., and the investment in construction of factories for rent of TICON. In the third quarter of 2012, the Company has invested in the industrial parks in Eastern Region, which are, Rojana Industrial Park Prachinburi Co., Ltd. and Rojana Industrial Park Rayong 2 Co., Ltd. Moreover, there are purchase of land, construction of buildings and water blockages, and purchase of machine and equipment. The net cash inflow from financing activities is THB 8,464.47 million including short-term borrowings for restoration and investment and short-term borrowings before the government grant help for water blockages construction.

In 2013, the cash balance of the Company has decreased by THB 99.45 million. The net cash inflow from operating activities is THB 2,475.10 million including gain from sale of property, gain from sale of investment in subsidiaries, and cash receipt for advance payment from sale of property. The net cash outflow from investing activities is THB 324 million including disposition of investment in two subsidiaries in China and cash receipt for government subsidy for water blockages construction. However, the Company has invested more in solar power of Rojana Energy Co., Ltd. and in Rojana Industrial Park Prachinburi Co., Ltd. and Rojana Industrial Park Rayong 2 Co., Ltd. The net cash outflow from financing activities is THB 2,250.56 million including repayment of short-term borrowings and long-term borrowings from financial institutions.

During the first six months of 2014, the cash balance of the Company has increased by THB 27.43 million. The net cash outflow from operating activities is THB 277.33 million, which is mainly from interest payment of the Company and subsidiaries. The net cash outflow from investing activities is THB 1,278.28 million, which is mainly from the investment in associates and purchase of property, plant, and equipment. The net cash inflow from financing activities is 1,583.05 million, which is mainly from bank overdraft, short-term borrowings and long-term borrowings from financial institutions. However, the Company has also repaid for short-term borrowing from financial institutions and redeemed for bonds.

Table 7-10: ROJNA's key financial ratios

THB Million	For the year ended 31 December			For the 6-month period
	2011	2012	2013	January — June 2014
Liquidity ratio				
Current ratio (times)	0.85	0.85	0.95	0.80
Account receivable turnover (times)	13.94	20.74	11.45	6.80
Average collection period (days)	26	18	32	54
Account payable turnover (times)	5.27	3.91	5.59	5.55
Average payment period (days)	69	93	65	66
Profitability ratio				
Gross profit margin (%)	22.40%	23.41%	8.77%	13.20%



THB Million	For the year ended 31 December			For the 6-month period
	2011	2012	2013	January — June 2014
Operation margin (%)	8.38%	6.47%	-2.37%	7.91%
Net profit margin (%)	-17.27%	17.58%	8.29%	-0.27%
Return on equity (%)	-10.71%	21.24%	8.63%	-0.80%
Efficiency ratio				
Return on assets (%)	-2.82%	5.68%	3.89%	2.29%
Return on fixed assets (%)	7.11%	12.13%	10.88%	4.60%
Asset turnover (times)	0.26	0.21	0.28	0.28
Leverage ratio				
Debt to equity ratio (times)	2.92	2.63	2.25	2.40
Interest coverage ratio (times)	(1.32)	2.71	1.83	0.88

Financial position and performance analysis

During 2011-2013, the Company has current ratio around 0.85-0.95 times. During the first six month of 2014, current ratio has slightly declined to 0.80 times because of more bank overdrafts and short-term borrowings from financial institutions.

During 2011-2013, the Company has average collection period of 18-32 days. During the first six month of 2014, average collection period is longer and becomes 54 days because the Company has less amount of revenue from sale of property. During 2011-2013 and the first six months of 2014, average payment period is around 65-93 days.

In 2013, the Company has negative operating profit because of higher cost of sale of property and negative gross profit. Moreover, the gross profit from sale of electricity is lower than average because the plant needed to be closed for restoration after flooding. The Company needed to purchase electricity from Provincial Electricity Authority and resold it to customers. However, the Company still earned net profit from compensations paid by the insurance companies and gain from sale of investment in subsidiaries. During the first six months of 2014, the Company has small net loss from lower revenue from sale of property compared to 2012 and 2013. This made the net profit margin and return on equity become negative and return on asset and return on fixed asset are lower.

The debt-to-equity ratio during 2011-2013 and the first six month of 2014 are around 2.25-2.92 times. The interest coverage ratio is from -1.32 to 2.71 times. During the first six month of 2014, the Company has lower interest coverage ratio because of lower revenues from sale of property compared to 2012 and 2013.



Appendix 2: TICON Industrial Connection Public Company Limited

2.1. History and significant development

TICON Industrial Connection Public Company Limited (‘TICON’) has been incorporated since 1990 with the registered capital of THB 1 million under the former name of Thai Connection Co., Ltd. Thereafter, the name has been changed to Thai Industrial Connection Co., Ltd. and TICON Industrial Connection Public Company Limited respectively. It has been listed in the SET on 13 June 2002 and the company’s symbol is ‘TICON’. The main business of TICON is the construction of factories and warehouses for rent in industrial estates, industrial parks, or other potential areas.

Currently, TICON has the registered capital of THB 1,115.94 million and paid-up capital of THB 1,072.80 million, which is in form of 1,072.80 million ordinary shares with par value of THB 1.

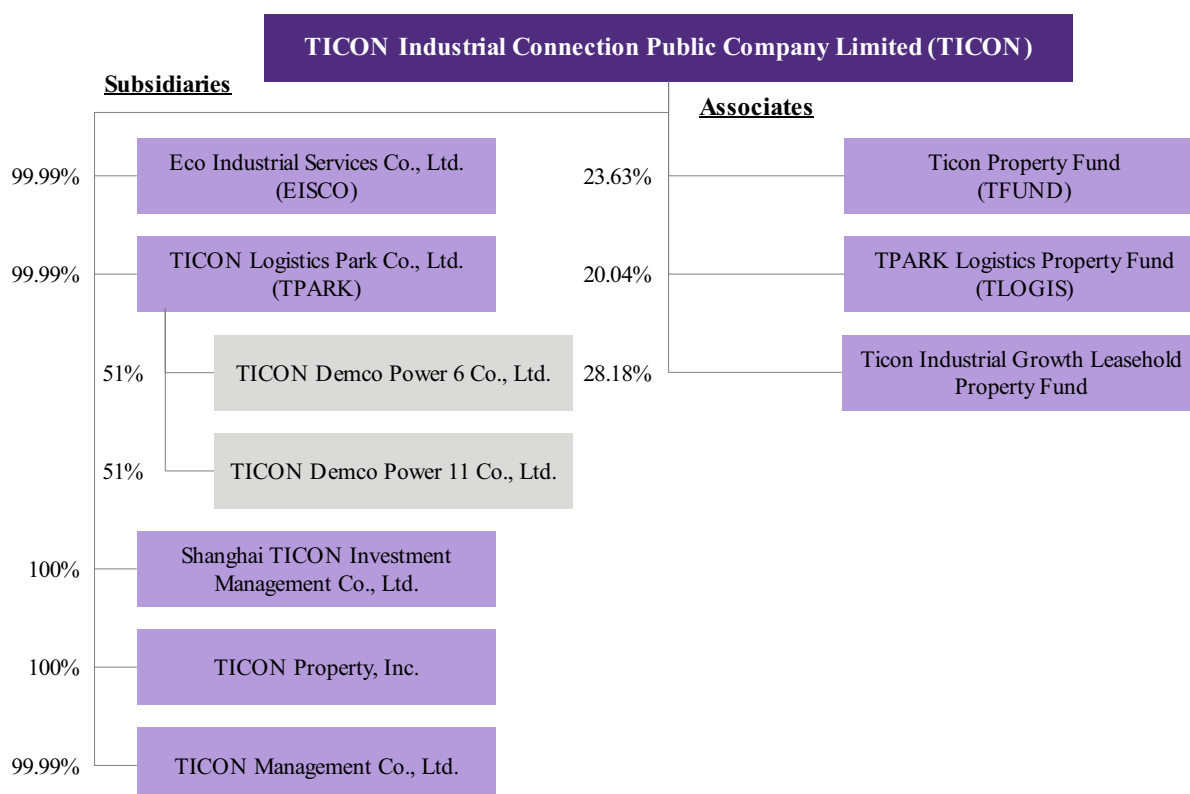
Major change and significant development

Year	Description
2002	<ul style="list-style-type: none"> ó Initial public offering of 15 million shares with the warrants of 22.5 million units to existing shareholders, people subscribing for offered shares, and directors and officers. ó Listing in the SET.
2005	<ul style="list-style-type: none"> ó Sale of 39 factories for THB 1,730 million to TICON Property Fund (‘TFUND’). ó Establishing the subsidiary named TICON Logistics Park Co., Ltd. (‘TPARK’) with the registered capital of THB 1,000 million. The purpose of this establishment is to develop the logistics and warehouse park for lease and/ or for sale.
2006	<ul style="list-style-type: none"> ó Issued unsecured and unsecured bonds for THB 1,500 million to institutional investors. ó Offered ordinary shares by private placement for 107 million shares with offering price of THB 19. Total amount of this share offering is THB 2,033 million.
2007	<ul style="list-style-type: none"> ó Issued unsecured and unsecured bonds for THB 500 million to institutional investors. ó TICON Logistics Park Co., Ltd. was approved for investment promotion from Board of Investment (BOI) to establish the logistics park on Bangna-Trad Road Km. 39 and received tax benefits.
2008	<ul style="list-style-type: none"> ó TICON Logistics Park Co., Ltd. has increased its registered and paid-up capital to THB 2,500 million. TICON Logistics Park was approved for investment promotion from Board of Investment (BOI) to establish the second logistics park on Phahonyothin Road Km. 55-56 and received tax benefits. ó Issued unsecured and unsecured bonds for THB 500 million to institutional investors ó Sale of 38 factories and 8 warehouses for THB 2,158 million to TFUND.
2009	<ul style="list-style-type: none"> ó Issued warrants including TICON-W3 (219.35 million units) and TICON-W4 (109.68 million units) to existing shareholders and TICON-W5 (32.88 million units) to directors and officers. ó Sale of 15 factories for THB 1,530 million to TPARK Logistics Property Fund (‘TLOGIS’).
2010	<ul style="list-style-type: none"> ó Established the subsidiary named Shanghai TICON Investment Management Co., Ltd. for business expansion in China. ó Sale of 35 factories for THB 1,707 million to TFUND.
2011	<ul style="list-style-type: none"> ó Sale of 13 warehouses for THB 943.50 million to TLOGIS.
2012	<ul style="list-style-type: none"> ó Established the subsidiary named TICON Property, Inc. for business expansion in United States. ó Sale of 11 factories for THB 761.50 million to TFUND. ó Issued Transferable Subscription Right or TSR (TICON-T1) to existing shareholders for 97.63 million units. The capital of TICON has increased for THB 964.65 million from the exercise of this right.
2013	<ul style="list-style-type: none"> ó Established the subsidiary named TICON Management Co., Ltd. in order to manage Property Investment Trust (REIT). ó Supported the establishment of TICON Industrial Growth Leasehold Property Fund (‘TGROWTH’). Initially sold and leased factories and warehouses to TGROWTH for THB 5,515 million.
2014	<ul style="list-style-type: none"> ó Issued Transferable Subscription Right or TSR (TICON-T2) to existing shareholders for 182.76 million units. The last trading day of TICON-T2 is 28 May 2014. ó TPARK has invested in solar roof with Demco Public Company Limited by holding 51% in TICON Demco Power 6 Co., Ltd. and 51% in TICON Demco Power 11 Co., Ltd. ó The board of directors’ meeting has approved the allotment of ordinary shares remains from the exercise of TICON-T2 for 25.09 million shares and offering to ROJNA by private placement according to the letter of intent. The share offering is considered to be the connected transaction. There is also the approval of waiver of making a tender offer of all securities by the virtue of shareholders’ meeting (Whitewash) to ROJNA.



2.2. Shareholding Structure

Figure 7-2: TICON's shareholding structure



Source: Note to the Company's consolidated financial statements for the 3-month and 6-month period ended on 30 June 2014

2.3. Business overview

The main business of TICON is the construction of factories and warehouses for rent in industrial estates, industrial park, industrial zone, industrial promotion zone and other strategic locations in Thailand. The factories are located in industrial estates/ park/ zone/ promotion zone on 15 locations, as follows:

Table 7-11: Location of TICON factories

Location	Province	Investment Promotion Zone
Bangpa-In Industrial Estate	Ayudhya	BOI Zone 2
Hi-Tech Industrial Estate	Ayudhya	BOI Zone 2
Rojana Industrial Park-Ayudhya	Ayudhya	BOI Zone 2
Amata Nakorn Industrial Estate	Chonburi	BOI Zone 2
Laemchabang Industrial Estate	Chonburi	BOI Zone 3
Hemaraj Chonburi Industrial Estate	Chonburi	BOI Zone 2
Pinthong Industrial Estate	Chonburi	BOI Zone 2
Amata City Industrial Estate	Rayong	BOI Zone 3
Bangpoo Industrial Estate	Samutprakran	BOI Zone 1
Asia Industrial Estate	Samutprakran	BOI Zone 1
Navanakorn Industrial Promotion Zone	Pathumthani	BOI Zone 1
Ladkrabang Industrial Estate	Bangkok	BOI Zone 1
Rojana Industrial Park-Rayong	Rayong	BOI Zone 3
Kabinburi Industrial Zone	Prachinburi	BOI Zone 3
Rojana Industrial Park-Prachinburi	Prachinburi	BOI Zone 3

Source: 2013 Annual Registration Statement (56-1 form)

Note: Laemchabang Industrial Estate, Amata City Industrial Estate and Rojana Industrial Park-Rayong applied for benefits from BOI between 1 January 2010 to 31 December 2014, otherwise zone 2 benefits are to be applied.

Warehouses of TICON are located in 29 locations, as shown below.

**Table 7-12: Location of TICON's warehouses**

Location	Province	Investment promotion zone
TPARK Bangna	Chachoengsao	BOI Zone 1
TPARK Laemchabang	Chonburi	BOI Zone 2
TPARK Laemchabang	Chonburi	BOI Zone 2
TPARK Wangnoi (3 Locations)	Ayudhya	BOI Zone 2
TPARK Rojana	Ayudhya	BOI Zone 2
TPARK Amata Nakorn	Chonburi	BOI Zone 2
TPARK Ladkrabang	Bangkok	BOI Zone 1
TPARK Eastern Seaboard	Rayong	BOI Zone 2
TPARK Eastern Seaboard (5 Locations)	Chonburi	BOI Zone 2
TPARK Sriracha	Chonburi	BOI Zone 2
TPARK Bowin	Chonburi	BOI Zone 2
TPARK Phan Thong (3 Locations)	Chonburi	BOI Zone 2
TPARK Bangpakong	Chachoengsao	BOI Zone 2
TPARK Bangplee (5 Locations)	Samutprakan	BOI Zone 1
TPARK Rojana-Prachinburi	Prachinburi	BOI Zone 3
TPARK Khonkaen	Khonkaen	BOI Zone 3
TPARK Surat Thani	Surat Thani	BOI Zone 3

Source: 2013 Annual Registration Statement (56-1 form)

In 2013, income from sales of properties has become the biggest portion of total revenues due to substantial sales of factories/ warehouses to property funds in order to receive more funds for business expansion. However, the revenue from lease and rendering services still play an important role, both incomes combined contributed approximately 80%-90% of the Company's total revenues.

Table 7-13: TICON's revenue structure

	2011		2012		2013		6 months period Jan. —Jun. 2014	
	THB million	%	THB million	%	THB million	%	THB million	%
Revenues from sale of properties	1,076.47	46.89%	4,364.45	72.16%	4,663.04	69.80%	541.20	41.16%
Revenues from rental and related service income	880.23	38.34%	1,053.01	17.41%	1,109.69	16.61%	427.77	32.54%
Revenue from management fee income from associates	113.44	4.94%	105.07	1.74%	152.59	2.28%	91.89	6.99%
Share of profit from investment in associates	160.80	7.00%	169.22	2.80%	216.57	3.24%	143.00	10.88%
Realised additional gain on sales of properties property funds	3.52	0.15%	35.29	0.58%	154.45	2.31%	39.36	2.99%
Other Income	61.25	2.67%	321.45	5.31%	384.70	5.76%	71.56	5.44%
Total	2,295.71	100.00%	6,048.49	100.00%	6,681.04	100.00%	1,314.76	100.00%

Source: 2013 Annual Registration Statement (56-1 form) and TICON's consolidated statement of income 2011 –2013 and 6-month period ended 30 June 2557

Products

- Ready Built Factories

TICON develops ready-built factories with international quality to serve demand from manufacturers who prefer not to own factories, in order to reduce their operating cost and risks from any possible uncertainties. TICON develops factories in various strategic locations. The factories are of a standard design to suit most manufacturing processes. With almost 90% non-Thai tenants, TICON also focuses on providing other services to help tenants to commence their production in Thailand.

The factories of TICON are all single-storey with mezzanine offices, constructed on their own fenced and landscaped sites, complete with guard house, parking area and loading area. They are of a standard design, albeit modified to suit the customers' requirements. Factory sizes range from 1,200 to 14,250 square meters,



with an average size range from 2,000 to 3,000 square meters. The factories' floor loading capacities are in the range of 1 to 3 tons per square meter. The buildings are of steel portal frame construction, to give maximum usable area unobstructed by structural columns.

In addition to the ready-built factories, custom-developed factories are developed according to tenants' individual requirement, and will generally tend to be larger than ready-built factories.

Lease agreements between customers and TICON normally have a term of 3 years but customers have the option for contract extension. Moreover, the company provides the option for customers to relocate to other factories of the company in other areas or with other sizes, as well as the option to purchase factories from the company.

As of the end of 2011, 2012, 2013 and the first six months of 2014, TICON has factories under lease contract with customers, factories under lease contract but waiting for revenue recognition, vacant factories for lease, and factories under construction as follows:

Table 7-14: TICON's factory portfolios

	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	No. of Factory (Unit)	Building Area (Sq M.)	No. of Factory (Unit)	Building Area (Sq M.)	No. of Factory (Unit)	Building Area (Sq M.)	No. of Factory (Unit)	Building Area (Sq M.)
Leased	137	387,515	95	261,840	78	214,890	81	226,580
Pre-leased	6	15,900	19	51,025	8	37,300	5	14,250
Available	10	31,800	34	101,225	41	119,475	41	120,175
Under construction	15	38,245	11	24,625	14	39,300	32	69,400
Under site preparation	56	144,239	62	173,775	160	421,975	173	427,975
Total	224	617,699	221	612,490	301	832,940	332	858,380

Source: 2013 Annual Registration Statement (56-1 form) and information from TICON

The above table does not include sale of factories to TFUND and TGROWTH as follows:

Table 7-15: Number of factories sold to TFUND and TGROWTH

	2011		2012		2013		6-month period January—June 2014	
	No. of Factory (Unit)	Building Area (Sq M.)	No. of Factory (Unit)	Building Area (Sq M.)	No. of Factory (Unit)	Building Area (Sq M.)	No. of Factory (Unit)	Building Area (Sq M.)
Sold to Property Funds	-	-	38	106,000	40	108,350	3	20,250

Source: 2013 Annual Registration Statement (56-1 form) and information from TICON

The average occupancy rates during 2011-2013 and the first six months of 2014 are as follows:

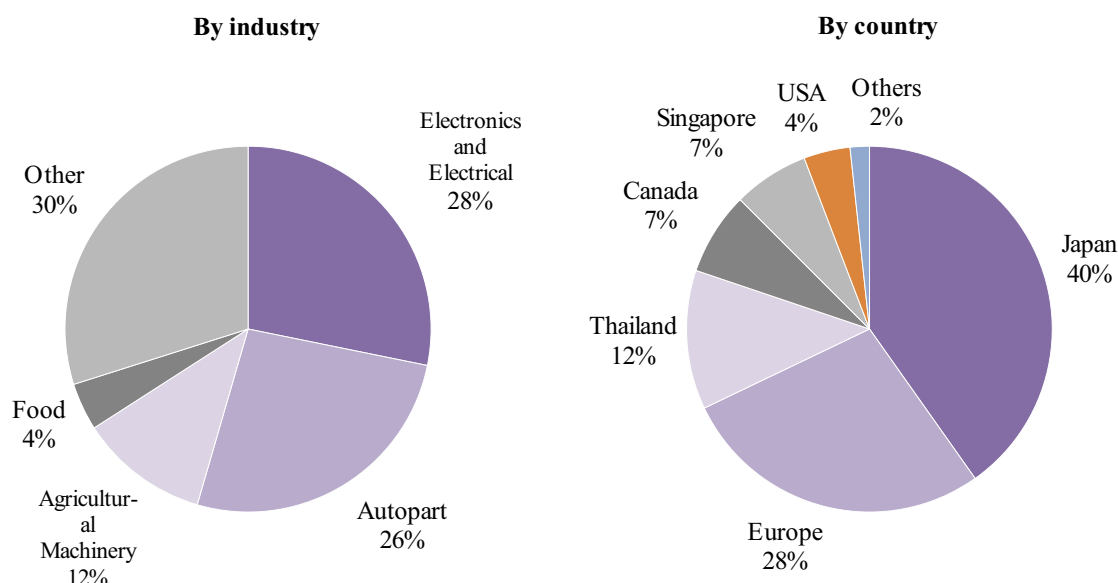
Table 7-16: Average Occupancy Rate of TICON

	2011	2012	2013	6 months period Jan.—Jun. 2014
Average Occupancy Rate %	88%	81%	73%	66%

Source: 2013 Annual Registration Statement (56-1 form) and information from TICON

The occupancy rate of factories has decreased because of the reduction of new factory leasing and a number of vacant factories in the flood-affected areas. In addition, many occupied factories are sold to property funds. The decline in the new factory leasing was due mainly to a slowdown in investment in the electronics sector which relied primarily on exporting and was affected by low demand in the global market. Also, investment in the auto sector dropped because of low domestic demand after the ending of the government's first-time car buyer tax rebate program. However, the total area under lease in 2013 and June 2014 has increased from 2012.

As of 2013, customers leasing factories from TICON are from various countries and industries with the following details.

**Figure 7-3: Customers leasing factories from as of 2013**

Source: 2013 Annual Registration Statement (56-1 form)

Note: The above percentages are calculated based on the rental and related service income in December 2013

- Warehouse

TICON Logistic Park Co., Ltd. is a subsidiary of TICON and has constructed ready built warehouses for lease.

Besides ready built warehouses that TICON has constructed for lease similar to ready build factories, TICON can also construct custom-build warehouse and provide the service in sale and leaseback.

Lease agreements normally have a term of 3 years. The company offers options to renew the lease. Tenants are required to pay a cash deposit equivalent to 3-6 month rent.

Table 7-17: TPARK warehouse portfolios

	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	No. of Warehouse (Unit)	Building Area (Sq M.)	No. of Warehouse (Unit)	Building Area (Sq M.)	No. of Warehouse (Unit)	Building Area (Sq M.)	No. of Warehouse (Unit)	Building Area (Sq M.)
Leased	52	205,352	62	257,108	33	153,873	60	320,292
Pre-Leased	4	33,481	11	38,670	14	155,999	4	50,661
Available	1	8,450	34	86,713	62	187,963	82	240,284
Under Construction	49	157,186	19	159,082	31	176,604	21	144,137
Under Site and Preparation	96	769,976	94	838,904	207	1,537,082	198	1,585,843
Total	202	1,174,445	220	1,380,477	347	2,211,521	365	2,341,217

Source: 2013 Annual Registration Statement (56-1 form) and information from TICON

The above table does not include sale of warehouses to TFUND, TLOGIS, and TGROWTH as follows:

Table 7-18: Number of warehouses sold to TICON property funds

	2011		2012		2013		For 6-month period January—June 2014	
	No. of Warehouse (Unit)	Rental Area (Sq M.)	No. of Warehouse (Unit)	Rental Area (Sq M.)	No. of Warehouse (Unit)	Rental Area (Sq M.)	No. of Warehouse (Unit)	Rental Area (Sq M.)
Warehouses sold to TICON property funds	13	55,230	36	117,664	50	182,095	-	-



Source: 2013 Annual Registration Statement (56-1 form) and information from TICON

The average occupancy rates of warehouses during 2011-2013 and the first six months of 2014 from January to June 2014 are as follows:

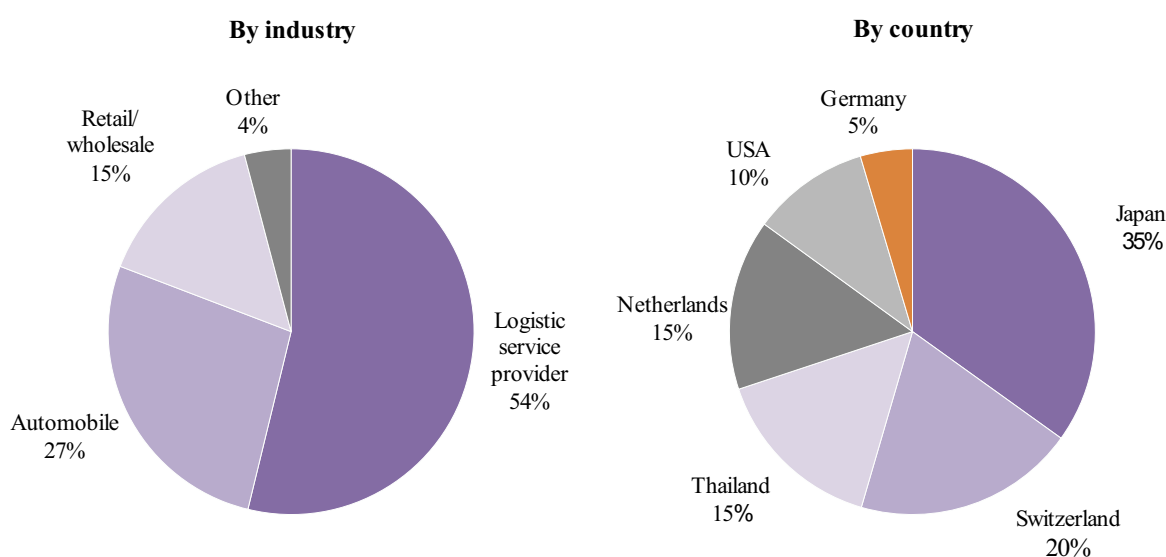
Table 7-19: The average rental rate of TICON warehouse

	2011	2012	2013	For 6-month period January —June 2014
Average rental rate of TICON warehouse	88%	89%	71%	61%

Source: 2013 Annual Registration Statement (56-1 form) and information from TICON

The occupancy rate of warehouse has declined because of an increase in warehouse space for lease and sale of occupied warehouses to property funds.

Figure 7-4: Customers of TICON leased warehouses at the end of 2013



Source: 2013 Annual Registration Statement (56-1 form)

Note: The above percentages are calculated based on the rental and related service income in December 2013

Property fund

As of 30 June 2014, TFUND, TLOGIS and TGROWTH have investment in property of THB 22,811.17 million. Details of the investment are as follows:

Table 7-20: List of properties held by TFUND TLOGIS and TGROWTH as of 30 June 2014

	Investment in properties (THB Million)	Total area (Sq. M.)
TFUND	-	-
Factory		19,600
Warehouse		563,950
Total properties in TFUND	12,214.59	583,550
TLOGIS	-	-
Factory		243,625
Total properties in TLOGIS	4,593.60	243,625
TGROWTH	-	-
Factory		121,175
Warehouse		182,095
Total properties in TGROWTH	6,002.98	303,270
Total properties held by associates	22,811.17	1,130,445

Note: Value of investment property accounted for under the fair value of the property

2.4. Shareholder Structure



As of 25 August 2014, TICON has the registered capital of THB 1,115.94 million and paid-up capital of THB 1,072.80 million, which is in form of 1,072.80 million ordinary shares with par value of THB 1. The name and ownership proportion of major shareholders are as follows.

Table 7-21: TICON's major shareholders

No.	Shareholder	No. of shares	Percentage
1	Rojana Industrial Park Public Company Limited	261,094,507	24.34%
2	Thai NVDR Co., Ltd.	45,955,733	4.28%
3	Mrs. Suchada Leeswadtrakul	41,492,970	3.87%
4	City Villa Co., Ltd..	38,568,150	3.60%
5	Mr. Pracha Kijwaramatha	32,589,903	3.04%
6	Mr. Jatupol Kriengchaikijkul	31,589,400	2.94%
7	Mrs. Yuphadee Kuan	31,236,904	2.91%
8	State Street Bank Europe Limited	24,856,820	2.32%
9	Mr. Chali Sophonpanich	24,773,910	2.31%
10	Nortrust Nominees Ltd.	24,250,747	2.26%
11	Other shareholders (apart from the top 10 shareholders as mentioned above)	516,393,929	48.14%
	Grant Total	1,072,802,973	100.00%

Source: The Stock Exchange of Thailand

2.5. Board of directors and Management Team

As of 30 September 2014, the Board of directors composes of 9 persons as the following list.

Table 7-22: TICON's board of directors

No.	Name	Position
1	Mr. Chali Sophonpanich	Chairman of the board
2	Mr. Wai Cheng Kuan	Chairman of the committee/ President
3	Mr. Virapan Pulges	Managing Director
4	Mr. Jirapongs Vinichbutr	Director
5	Mr. Chai Vinichbutr	Director
6	Mrs. Yupadee Kuan	Director
7	Mr. David Tarrant	Chairman of the audit committee, Independent Director
8	Mr. Chatchaval Jiravanon	Audit committee, Independent Director
9	Mr. Threekwan Bunnag	Audit committee, Independent Director

Source: The Stock Exchange of Thailand

The authorised directors specified in the Company Certificate are Mr. Chali Sophonpanich, Mr. Wei Cheng Kuan, Mr. Virapan Pulges, Mr. Jirapongs Vinichbutr, and Mr. Chai Vinichbutr with the condition that any two of these five directors sign together with the company stamp.

Table 7-23: TICON's managements

No.	Name	Position
1	Mr. Wei Cheng Kuan	President
2	Mr. Virapan Pulges	Vice President
3	Mr. Chali Sophonpanich	Director
4	Mr. Jirapongs Vinichbutr	Director
5	Dr. Somsak Chaiyaporn	Director and Secretary of the Board General Manager

Source: TICON

2.6. Financial Position and Performance

Table 7-24: TICON's consolidated statement of financial position

	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Cash and cash equivalents	136.83	0.89%	361.54	1.83%	347.86	1.32%	288.66	0.99%
Current investments	950.00	6.21%	731.12	3.70%	420.66	1.59%	8.94	0.03%
Trade and other	106.90	0.70%	119.24	0.60%	90.67	0.34%	61.26	0.21%



	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
receivables								
Other current assets	62.05	0.41%	126.08	0.64%	185.70	0.70%	221.91	0.76%
Total current assets	1,255.77	8.21%	1,337.98	6.78%	1,044.90	3.95%	580.77	1.99%
Non-current assets held-for-sale	-	0.00%	-	0.00%	2,683.97	10.15%	3,515.00	12.07%
Pledged deposits at financial institution	40.44	0.26%	2.02	0.01%	0.24	0.00%	0.24	0.00%
Unbilled operating leases receivables	18.15	0.12%	53.84	0.27%	30.27	0.11%	9.52	0.03%
Long-term loans to related company	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Investments in subsidiaries	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Investments in joint ventures	-	0.00%	-	0.00%	-	0.00%	1.11	0.00%
Investments in associates	1,897.88	12.41%	2,755.08	13.96%	3,242.41	12.26%	3,125.22	10.73%
Investment in related company	0.26	0.00%	0.26	0.00%	0.26	0.00%	0.26	0.00%
Investment properties under development and available for rent/ sale	4,674.39	30.57%	7,805.28	39.55%	13,726.60	51.89%	15,404.83	52.88%
Investment properties for rent	6,315.46	41.31%	5,883.05	29.81%	3,534.65	13.36%	4,146.11	14.23%
Property, plant and equipment	597.02	3.90%	866.02	4.39%	1,094.90	4.14%	1,164.72	4.00%
Intangible assets	10.75	0.07%	5.63	0.03%	5.39	0.02%	5.04	0.02%
Deferred tax assets	202.13	1.32%	266.97	1.35%	108.76	0.41%	52.10	0.18%
Deposits for purchase of property	261.13	1.71%	743.50	3.77%	610.80	2.31%	658.40	2.26%
Other non-current assets	15.35	0.10%	16.39	0.08%	368.26	1.39%	468.83	1.61%
Total non-current assets	14,032.96	91.79%	18,398.02	93.22%	22,722.53	85.90%	25,036.37	85.94%
Total assets	15,288.73	100.00%	19,736.00	100.00%	26,451.39	100.00%	29,132.14	100.00%
Short-term loans and liabilities under trust receipts	1,606.10	10.51%	745.08	3.78%	2,108.00	7.97%	2,235.26	7.67%
Trade and other payables	329.33	2.15%	666.06	3.37%	765.62	2.89%	808.05	2.77%
Current portion of liabilities under financial lease agreements	-	0.00%	-	0.00%	-	0.00%	0.58	0.00%
Current portion of long-term loans from related party	239.14	1.56%	-	0.00%	-	0.00%	-	0.00%
Current portion of long-term loans	-	0.00%	-	0.00%	45.00	0.17%	113.00	0.39%
Current portion of debentures	850.00	5.56%	2,350.00	11.91%	1,080.00	4.08%	1,330.00	4.57%
Income tax payable	24.90	0.16%	141.69	0.72%	2.22	0.01%	10.40	0.04%
Other current liabilities	18.60	0.12%	43.06	0.22%	62.52	0.24%	65.34	0.22%
Total current liabilities	3,068.08	20.07%	3,945.90	19.99%	4,063.36	15.36%	4,562.63	15.66%
Liabilities related directly to non-current assets held-for-sale	-	0.00%	-	0.00%	112.74	0.43%	116.10	0.40%
Liabilities under financial lease agreements	-	0.00%	-	0.00%	-	0.00%	2.40	0.01%
Long-term loans from related party	761.39	4.98%	-	0.00%	707.30	2.67%	748.38	2.57%
Long-term loans	-	0.00%	354.66	1.80%	1,208.87	4.57%	1,132.60	3.89%
Debentures	5,300.00	34.67%	7,150.00	36.23%	10,530.00	39.81%	11,080.00	38.03%
Provision for long-term employee benefits	18.93	0.12%	21.57	0.11%	25.35	0.10%	26.81	0.09%
Deferred tax liabilities	7.44	0.05%	-	0.00%	-	0.00%	-	0.00%
Customer deposits	392.70	2.57%	367.13	1.86%	193.26	0.73%	212.23	0.73%
Unearned land rental income	-	0.00%	-	0.00%	922.75	3.49%	945.94	3.25%
Total non-current	6,480.46	42.39%	7,893.37	39.99%	13,587.52	51.37%	14,148.35	48.57%



	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
liabilities								
Total liabilities	9,548.54	62.45%	11,839.27	59.99%	17,763.63	67.16%	18,827.07	64.63%
Share capital - Registered	1,117.25	7.31%	1,263.74	6.40%	1,263.74	4.78%	1,115.94	3.83%
Share capital - Issued and paid up	781.01	5.11%	877.47	4.45%	912.38	3.45%	913.79	3.14%
Cash receipts from share subscription	-	0.00%	56.84	0.29%	-	0.00%	2,375.18	8.15%
Premium on ordinary shares	3,510.09	22.96%	4,378.27	22.18%	4,669.47	17.65%	4,679.25	16.06%
Retained earnings								
Appropriated - statutory reserve	111.73	0.73%	126.37	0.64%	126.37	0.48%	126.37	0.43%
Unappropriated	1,356.46	8.87%	2,482.18	12.58%	2,983.90	11.28%	2,219.18	7.62%
Other components of shareholders' equity	(19.09)	-0.12%	(24.41)	-0.12%	(4.37)	-0.02%	(8.71)	-0.03%
Total shareholders' equity	5,740.19	37.55%	7,896.73	40.01%	8,687.76	32.84%	10,305.07	35.37%
Total liabilities and shareholders' equity	15,288.73	100.00%	19,736.00	100.00%	26,451.39	100.00%	29,132.14	100.00%

Assets

As of 31 December 2012, total asset of TICON is THB 19,736 million, which has increased from previous year by THB 4,447.40 million or 29.09%. This increase is mainly from an increase in investment in property especially in Eastern Region of Thailand and an increase in investment in TFUND/ TLOGIS proportionately with the capital increase of TFUND/ TLOGIS.

As of 31 December 2013, total asset of TICON is THB 26,451.39 million, which has increased from previous year by THB 6,715.39 million or 34.03%. This increase is mainly from an increase in investment in property and an increase in investment in TGROWTH.

As of 30 June 2014, total asset of TICON is THB 29,132.14 million, which has increased from previous year by THB 2,680.75 million or 10.13%. This increase is also mainly from an increase in investment in property and non-current assets available for sale including land and factories or/ and warehouses, which TICON expects to sell and/ or lease to Property Investment Trust ('REIT')

Liabilities

As of 31 December 2012, total liability of TICON is THB 11,839.27 million, which has increased from previous year by THB 2,290.73 million or 23.99%. This increase is mainly from borrowing and issuing bonds for investment in land and construction of factories and warehouses.

As of 31 December 2013, total liability of TICON is THB 17,763.63 million, which has increased from previous year by THB 5,927.36 million or 50.04%. This increase is also mainly from borrowing and issuing bonds for investment in land and construction of factories and warehouses as in 2012.

As of 30 June 2014, total liability of TICON is THB 18,827.07 million, which has increased from previous year by THB 1,063.44 million or 5.99% as of 31 December 2014. This increase is mainly from borrowing and issuing bonds for investment in land and construction of factories and warehouses. However, TICON has also repaid some borrowings after the capital increase in June 2014.

Shareholders' Equity

As of 31 December 2012, total shareholders' equity of TICON is THB 7,896.73 million, which has increased from previous year by THB 2,156.53 million or 37.57%. There is a capital increase from the exercise of Transferable Subscription Rights for THB 965 million in October 2012 and the exercise of warrant (TICON-W6) for THB 57 million in December 2012. Moreover, there is an increase in retained earnings.

As of 31 December 2013, total shareholders' equity of TICON is THB 8,687.76 million, which has increased from previous year by THB 791.03 million or 10.02%. This is mainly from the exercise of warrants (TICON-W6 and TICON-W3) for THB 326.1 million and an increase of retained earnings.



As of 30 June 2014, total shareholders' equity of TICON is THB 10,305.07 million, which has increased from previous year by THB 1,617.32 million or 18.62%. This is mainly from the exercise of Transferable Subscription Rights for 157.7 million units during the second quarter of 2014.

Table 7-25: TICON's consolidated statement of income

	For the year ended 31 December						For the 6-month period	
	2011		2012		2013		January-June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Rental and related service income	880.23	41.30%	1,053.01	18.02%	1,109.69	17.59%	427.77	37.78%
Revenues from construction services	21.57	1.01%	117.21	2.01%	56.45	0.89%	28.04	2.48%
Sales of properties	1,076.47	50.51%	4,364.45	74.68%	4,663.04	73.90%	541.20	47.79%
Utility income	20.59	0.97%	23.02	0.39%	25.99	0.41%	13.07	1.15%
Dividend income from associates	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Management fee income from associates	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Management fee income from associates	113.44	5.32%	105.07	1.80%	152.59	2.42%	91.89	8.11%
Interest income	12.08	0.57%	13.33	0.23%	7.15	0.11%	3.72	0.33%
Income from compensation from insurance companies	-	0.00%	82.71	1.42%	69.65	1.10%	-	0.00%
Other income	7.00	0.33%	85.19	1.46%	225.45	3.57%	26.72	2.36%
Total revenues	2,131.39	100.00%	5,843.98	100.00%	6,310.01	100.00%	1,132.40	100.00%
Cost of rental and related services	(248.12)	-11.64%	(392.29)	-6.71%	(261.52)	-4.14%	(92.98)	-8.21%
Cost of construction services	(18.98)	-0.89%	(97.95)	-1.68%	(40.68)	-0.64%	(24.37)	-2.15%
Cost of sales of properties	(700.59)	-32.87%	(2,691.07)	-46.05%	(2,886.28)	-45.74%	(201.62)	-17.80%
Cost of utilities	(20.59)	-0.97%	(23.02)	-0.39%	(24.38)	-0.39%	(12.11)	-1.07%
Selling expenses	(19.04)	-0.89%	(41.57)	-0.71%	(159.41)	-2.53%	(14.05)	-1.24%
Administrative expenses	(214.09)	-10.04%	(274.18)	-4.69%	(381.80)	-6.05%	(200.99)	-17.75%
Depreciation	(92.91)	-4.36%	(116.26)	-1.99%	(174.38)	-2.76%	(121.05)	-10.69%
Allowance for impairment loss on investment properties under development (Reversal)	(15.42)	-0.72%	15.42	0.26%	-	0.00%	-	0.00%
Other expenses	(0.13)	-0.01%	(1.44)	-0.02%	(9.65)	-0.15%	(0.02)	0.00%
Total expenses	(1,329.88)	-62.39%	(3,622.34)	-61.98%	(3,938.10)	-62.41%	(667.18)	-58.92%
Profit before share of profit (loss) from investments in associates and joint ventures, realised additional gain on sales of properties to associates, finance cost and income tax expenses	801.52	37.61%	2,221.63	38.02%	2,371.91	37.59%	465.22	41.08%
Share of profit from investments in associates	160.80	7.54%	169.22	2.90%	216.57	3.43%	143.00	12.63%
Share of loss from investments in joint ventures	-	0.00%	-	0.00%	-	0.00%	(0.03)	0.00%
Realised additional gain on sales of properties	3.52	0.17%	35.29	0.60%	154.45	2.45%	39.36	3.48%
Deferred gains on sales of properties to associates	(63.20)	-2.97%	(458.69)	-7.85%	(505.07)	-8.00%	(98.65)	-8.71%
Profit before finance cost and income tax expenses	902.64	42.35%	1,967.45	33.67%	2,237.86	35.47%	548.89	48.47%
Finance cost	(267.15)	-12.53%	(410.83)	-7.03%	(546.43)	-8.66%	(322.35)	-28.47%
Profit before income tax expenses	635.49	29.82%	1,556.62	26.64%	1,691.44	26.81%	226.54	20.01%
Income tax expenses	(199.09)	-9.34%	(260.05)	-4.45%	(277.20)	-4.39%	(77.48)	-6.84%
Profit for the period	436.39	20.47%	1,296.57	22.19%	1,414.23	22.41%	149.07	13.16%
Other comprehensive income:								
Exchange differences on translation of financial statements in foreign currency	1.37	0.06%	(5.32)	-0.09%	20.05	0.32%	(4.34)	-0.38%
Actuarial loss	-	0.00%	-	0.00%	(0.45)	-0.01%	-	0.00%



	For the year ended 31 December						For the 6-month period	
	2011		2012		2013		January-June 2014	
	THB Million	%	THB Million	%	THB Million	%	THB Million	%
Other comprehensive income for the period	1.37	0.06%	(5.32)	-0.09%	19.59	0.31%	(4.34)	-0.38%
Total comprehensive income for the period	437.76	20.54%	1,291.25	22.10%	1,433.83	22.72%	144.73	12.78%

Revenues

The main business of TICON is property development for industrial purpose by constructing factories and warehouses for lease and for sale. During 2011-2013 and the first six months of 2014, TICON has revenue from lease and rendering services for 41.30%, 18.02%, 17.59%, and 37.78% of total revenue respectively. Meanwhile the revenue from sale of property during 2011-2013 and the first six months of 2014, TICON has revenue from lease and rendering services for 50.51%, 74.68%, 73.90%, and 47.79% of total revenue respectively, which is the highest proportion of total revenue. Revenue from sale of property is from sale of factories and warehouses to TFUND, TLOGIS, and TGROWTH. TICON has sold factories and warehouses in order to acquire more funds in its business expansion. The major revenues of TICON can be summarised as follows:

- Revenue from lease and rendering services

In 2012, TICON has revenue from lease and rendering services for THB 1,053.01 million, which has increased from previous year by THB 172.78 million or 19.63%. This increase is from an increase in investment in Thailand, especially the growth of automobile industry from the government's first-time car buyer tax rebate program. The demand for lease of factories and warehouses has increased significantly in Eastern Region.

In 2013, TICON has revenue from lease and rendering services for THB 1,109.69 million, which has increased from previous year by THB 56.68 million or 5.38%. The growth rate of revenue is lower than 2012 because the demand growth of factories is lower than expected. However, the demand for warehouses has increased because of the expansion of logistics and retail businesses.

For the first six months of 2014, TICON has revenue from lease and rendering services for THB 427.77 million, which has decreased from the same period of previous year by THB 130.05 million or 23.31%. This decrease is from sale of properties to property funds in the last quarter of 2013 and from sale of properties to property funds and customers in the first quarter of 2014.

- Revenue from sale of property

In 2012, TICON has revenue from sale of property for THB 4,364.45 million, which has increased from previous year by THB 3,287.98 million or 305.44%. This increase is from sale of factories that is postponed from the fourth quarter of 2011 to the first quarter of 2012 and sale of properties to TFUND and TLOGIS in the last quarter of 2012.

In 2013, TICON has revenue from sale of property for THB 4,663.04 million, which has increased from previous year by THB 298.59 million or 6.84%. This increase is from sale of factories to TFUND in September and lease/ sale of factories and warehouses to TGROWTH in December in order to obtain more funds for business expansion.

During the first six months of 2014, TICON has revenue from sale of property for THB 541.20 million. This revenue is mainly from lease of factories to TGROWTH and sale of factories to TFUND.

Expenses

The major expenses of TICON are as follows.

- Selling and administrative expenses

The main components of selling and administrative expenses are personnel expenses and depreciation expense of vacant factories and warehouses.

In 2012, TICON has selling and administrative expenses for THB 432 million, which has increased from previous year by THB 106 million or 32.50%. This increase is from an increase in personnel expense from



more number of employees, an increase in depreciation of vacant factories and warehouses from the flood, an increase in insurance premium for vacant factories and warehouses. Moreover, the selling expense has increased from expansion of business that is mostly from commission in finding customers to lease factories or warehouses.

In 2013, TICON has selling and administrative expenses for THB 715.60 million, which has increased from previous year by THB 283.59 million or 65.65%. This increase is mainly from an increase in depreciation, an increase in cost of damage protection for vacant factories and warehouses, an increase in personnel expense from more number of employees, and the cost in establishing TGROWHT that is recorded as selling expense. However, this cost will incur only when the new fund is established.

During the first six months of 2014, TICON has selling and administrative expenses for THB 336.08 million, which has increased from the same period of previous year by THB 69.78 million or 26.21%. This increase is mainly from an increase in depreciation of vacant factories and warehouses, an increase in personnel expense, and the cost of registering leasehold to TGROWTH.

- Finance costs

The main component of finance costs is interest expense that equals to 99% of total finance costs whereas the remaining is the expense from the process of borrowings.

During past three years and the first six months of 2014, the finance costs are THB 267.15 million, THB 410.83 million, THB 546.43 million and THB 322.35 million respectively. The higher finance cost is from an increase in borrowings by TICON in business expansion of factories and warehouses.

Profit

- Gross profit

During past three years and the first six months of 2014, the gross profit margins from lease and sale of factories and warehouses are 50.56%, 42.34%, 45.13%, and 67.22% respectively.

In 2012, the gross profit margin from lease and sale of factories and warehouses has dramatically decreased from previous year. This is from the loss of revenue from lease and expenses in recovering damaged assets from the flood, as well as an increase in proportion of revenue from warehouse lease.

In 2013, the gross profit margin from lease and sale of factories and warehouses has slightly increased from previous year. This is from higher revenue from lease, an increase in lease and service fees, a decrease in repairing expenses of damaged assets from the flood in 2011, as well as no depreciation expense from properties that is classified as non-current assets available for sale from the second quarter to December before TICON has sold those properties.

During the first six months of 2014, the gross profit margin from lease and sale of factories and warehouses is 69.37%, which has slightly decreased to from the same period of previous year. During the first six months of previous year, there is no sale of property by TICON and the gross profit margin of sale is lower than lease. Therefore, the gross profit margin from lease and sale of factories and warehouses

- Net Profit

During past three years and the first six months of 2014, the net profits of TICON are THB 436.39 million, THB 1,296.57 million, THB 1,414.23 million, and THB 149.07 million respectively. The net profit margins of TICON are 50.56%, 42.34%, 45.13%, and 67.22% respectively.

In 2012, the net profit of TICON has increased from previous year by THB 860.18 million or 197.11%. This increase is from an increase in revenue from sale of property to TFUND/ TLOGIS, an increase in revenue from lease and construction services, an increase in profit sharing from investment in TFUND/ TLOGIS, additional revenue recognition from sale of property to TFUND/ TLOGIS, and gain from sale of investment. TICON has recovered the allowance for impairment of property because TICON has recorded this allowance for impairment in 2011 but the fair value is higher than the book value in 2012. Moreover, TICON gets benefit from lower corporate income tax rate from 30% to 23% in 2012.

In 2013, the net profit of TICON has increased from previous year by THB 117.66 million or 9.07%. TICON has higher gross profit margin from lease and rendering services and more gain from sale of property. TICON has also earned more revenue from management and more profit sharing from investment



in TFUND/ TLOGIS/ TGROWTH because of higher performance of TFUND/ TLOGIS. Moreover, TICON has recognised revenue from sale of property to TFUND/ TLOGIS and gain from sale of investment in TFUND/ TLOGIS. Furthermore, TICON gets benefit from lower corporate tax rate from 23% to 20% in 2013.

During the first six months of 2014, the net profit of TICON is THB 420.59 million, which has decreased from previous year by THB 271.53 million or 64.56%. This decrease is mainly from lower revenue from lease and rendering services. Other revenues also declined because of no gain from sale of investment and no compensation from insurance. Moreover, TICON has higher selling and administrative expenses and finance costs because of project expansion.

In 2012, the cash balance of TICON has increased by THB 4.71 million. The net cash inflow from operating activities is THB 4,495.17 million including net profit from operation and adjustments to reconcile income that is mainly from the cost of property sold. The net cash outflow from investing activities is THB 7,194.39 million including an increase in investment in associates, an acquisition of property for investment in asset for rent, and a payment of deposit in land purchase. The net cash inflow from financing activities is THB 2,708.41 million including cash receipt from issuing bonds and the repayment of long-term liabilities and bonds.

In 2013, the cash balance of TICON has decreased by THB 332.68 million. The net cash inflow from operating activities is THB 5,066.33 million including net profit from operation and adjustments to reconcile income that is mainly from the cost of property sold. The net cash outflow from investing activities is THB 9,851.90 million including an increase in investment in associates, an acquisition of property for investment in asset for rent, and a payment of deposit in land purchase for business expansion. The net cash inflow from financing activities is THB 2,708.41 million including cash receipt from issuing bonds.

During the first six months of 2014, the cash balance of TICON has decreased by THB 465.80 million. The net cash inflow from operating activities that is mainly from net profit from operation and adjustments to reconcile income that is mainly from the cost of property sold, as well as interest expense. The net cash outflow from investing activities is THB 3,309.42 million that is mainly from an acquisition of property for investment in asset for rent. The net cash inflow from financing activities is THB 2,432.74 million including cash receipt from issuing bonds and capital increase from the exercise of TICON-W2, TICON-W3, and TICON-W6.

Table 7-26: TICON's consolidated statement of cash flow summary

THB Million	For the year ended 31 December			For the 6-month period
	2554	2555	2556	January – June 2014
Net cash flows from operating activities	1,221.97	4,495.17	5,066.33	413.88
Net cash flows from investing activities	(3,219.75)	(7,194.39)	(9,851.90)	(3,309.42)
Net cash flows from financing activities	2,301.42	2,708.41	4,436.64	2,432.74
Increase (decrease) in translation adjustments	1.22	(4.47)	16.25	(3.00)
Net increase (decrease) in cash and cash equivalents	304.86	4.71	(332.68)	(465.80)

Financial Position and Performance Analysis

Table 7-27: TICON's key financial ratios

THB Million	For the year ended 31 December			For the 6-month period
	2011	2012	2013	January – June 2014
Liquidity ratio				
Current ratio (times)	0.41	0.34	0.26	0.13
Account receivable turnover (times)	12.42	10.55	11.36	12.34
Average collection period (days)	29	35	32	30
Account payable turnover (times)	3.76	6.44	4.49	0.84
Average payment period (days)	97	57	81	434
Profitability ratio				
Gross profit margin (%) including sale revenue	50.56%	42.34%	45.13%	67.22%



THB Million	For the year ended 31 December			For the 6-month period
	2011	2012	2013	January – June 2014
Gross profit margin (%) not including sale revenue	68.81%	56.99%	72.61%	72.39%
Operation margin (%)	33.47%	34.82%	32.74%	33.95%
Net profit margin (%)	20.47%	22.19%	22.41%	13.16%
Return on equity (%)	7.70%	19.02%	17.05%	3.14%
Efficiency ratio				
Return on assets (%)	6.50%	11.23%	9.69%	3.95%
Return on fixed assets (%)	7.11%	12.13%	10.88%	4.60%
Asset turnover (times)	0.14	0.32	0.25	0.07
Leverage ratio				
Debt to equity ratio (times)	1.66	1.50	2.04	1.83
Interest coverage ratio (times)	3.38	4.79	4.10	1.70

During 2011-2013 and the first six months of 2014, TICON has lower current ratio because of a decrease in short-term investment and an increase in short-term borrowings and current portion of long-term liabilities.

During the first six months of 2014, the average payment period of TICON has sharply increased compared to the same period in previous year. TICON has sold only a few units of property; so the cost of sale is relatively low.

During the first six months of 2014, the net profit margin, return on equity, return on asset, and return on fixed asset of TICON decreased. This is from lower revenue from lease and rendering services and no gain from disposition of investment, as well as no compensation from insurance. Moreover, the selling and administrative expenses and finance costs increased from project expansion.

As of 30 June 2014, the debt-to-equity ratio of TICON is 1.83 times, which is lower from 2.04 times in 2013. The capital increase from Transferable Subscription Rights in the second quarter of 2014 allows TICON to repay some debts whereas the shareholders' equity has increased. Finally, the debt-to-equity ratio has declined.

2.7. Industry condition and competition

There is an economic slowdown in Thailand during the end of 2013 and the beginning of 2014 because of political situation. The Office of National Economics and Social Development Board has announced that gross domestic products ("GDP") in the first quarter of 2014 has declined by 0.60% from the same period in previous year and has forecasted that the economic growth rate in 2014 will be around 1.5%-2.5%, which is lower than the expectation of 3%-4%.

The economic condition can significantly affect the construction of factories and warehouses for rent in the industrial estates. Both domestic and foreign entrepreneurs will consider the economic condition before they decide to increase their production capacity. However, the political situation does not affect the demand for factories for rent much because demand has increased based on the expansion of logistics and retail businesses.

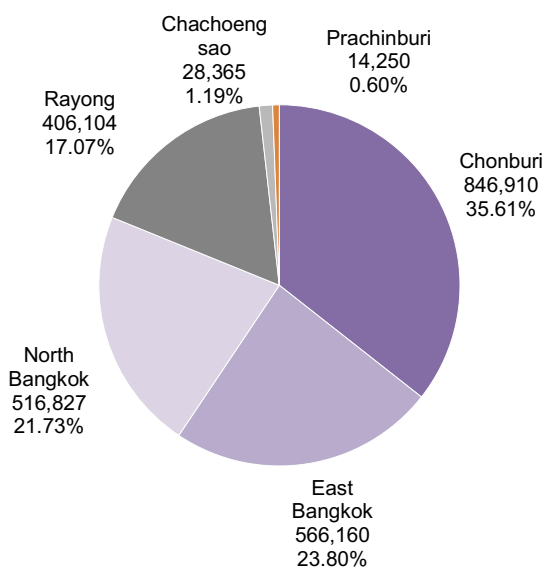
Factory for rent

- Supply of factories for rent

Based on the research by CBRE, CB Richard Ellis Thailand, a leading real estate agency, total area of factories under lease in Central and Eastern Region is 2,378,616 square meters. The largest area of factories under lease in this region is in Chonburi, which is 846,910 square meters and the occupancy rate is 36%.



Figure 7-5: Supply of Factories for rent in the Central and East of Thailand



Note: East Bangkok includes Samut Prakan and the North East of Bangkok

North Bangkok includes Ayutthaya Patumthani and Hemaraj Saraburi Industrial Land

Source: CBRE, June 2013

As of June 2013, TICON has the highest market share in property development business in factories for lease. Total area of factories for lease is 1,011,306 square meters, which is 43% of total area of factories for lease in Central and Eastern Region.



Table 7-28: Rental area and market share of factories for rent in the Central and East of Thailand by developer

	Chonburi			East Bangkok			North Bangkok			Rayong			Chachoengsao			Prachinburi			Total	
	Rental Area (sq.m.)	Market share (%)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Market share (%)	(sq.m.)	%
TICON	451,555	53.32%	7.35%	41,625	7.35%	84.97%	439,126	84.97%	18.16%	73,750	18.16%	-	-	-	5250	36.84%	36.84%	1,011,306	42.52%	
HEMRAJ	39,355	4.65%	-	-	-	7.63%	39452	7.63%	79.77%	323,944	79.77%	-	-	-	-	-	-	402,751	16.93%	
SME	-	-	66.24%	375,000	66.24%	-	-	-	-	-	-	-	-	-	-	-	-	375,000	15.77%	
Pinthong Amata Summit	177,800	20.99%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	177,800	7.47%	
TFD	138,000	16.29%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138,000	5.80%	
Rich Asset	40,200	4.75%	2.80%	15,825	2.80%	7.40%	38249	7.40%	-	-	-	28,365	100.00%	-	-	-	122,639	5.16%		
Prospect 304	-	-	12.14%	68,710	12.14%	-	-	-	-	-	-	-	-	-	-	-	-	68,710	2.89%	
Industrial	-	-	11.48%	65,000	11.48%	-	-	-	-	-	-	-	-	-	-	-	-	65,000	2.73%	
Chewathai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,000	63.16%	63.16%	9,000	0.38%	
Total	846,910	100.00%	100.00%	566,160	100.00%	100.00%	516,827	100.00%	100.00%	406,104	100.00%	28,365	100.00%	14,250	100.00%	100.00%	100.00%	2,378,616	100.00%	

Source: CBRE, June 2013

- o TICON is TICON Industrial Connection Plc. And TICON Property Fund
- o HEMRAJ is Hemaraj Land And Development Plc.
- o SME is SME Factory Co., Ltd.
- o Pinthong is Pinthong Industrial Park Co., Ltd and PIP Land and Factory Co., Ltd.
- o Amata Summit is แอ๓Amata Summit Ready Built Co., Ltd.
- o TFD is Thai Factory Development Plc. and Thai Industrial Fund I
- o Rich Asset is Rich Asset Center Co., Ltd.
- o Prospect is Prospect Development Co., Ltd.
- o WHA is WHA Corporation Plc. and WHA Premium Factory and Warehouse Freehold and Leasehold Property Fund
- o 304 Industrial is 304 Industrial Park Co., Ltd.
- o Chewathai is Chewathai Co., Ltd.



- Demand for factories for rent

Based on the research by CBRE, total area of factories under lease in Central and Eastern Region is 1,900,964 square meters. The largest area of factories under lease is the region is Chonburi, which is 745,582 square meters and the occupancy rate is 92%. The occupancy rate of factories for lease in Northern Bangkok that used to be popular has declined significantly after the flood in 2011.

Table 7-29: Supply Demand and Occupancy rate of factories for rent in the Central and East

	Supply	Demand	Occupancy rate
Chonburi	806,710	745,582	92%
East Bangkok	550,335	539,455	98%
North Bangkok	478,578	303,900	64%
Rayong	406,104	313,027	77%
Chachoengsao	-	-	0%
Prachinburi	14,250	9,000	63%
Total	2,255,977	1,900,964	84%

Note: Not include TFD Industrial Estate

Source: CBRE, June 2013

- Future trend of factories for lease

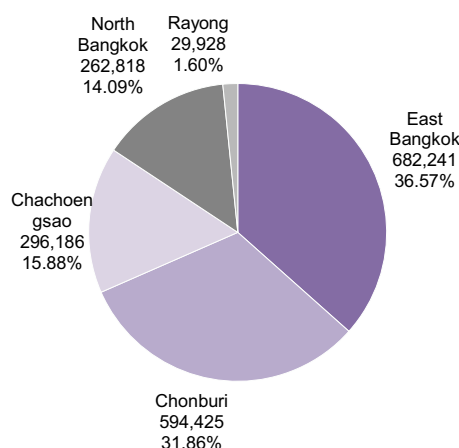
Based on the research by Kasikorn Research Center, the slowdown of private investment has directly affected sale of areas in many industrial estates. During the first quarter of 2014, the slowdown in economic activities in industrial estates continues from previous year. The overview of industrial estates for the remaining period of 2014 is expected to better from relaxing of political tension. Moreover, many projects waiting for investment promotion will be approved and this will help to stimulate investment, especially from foreign investors who plan to use Thailand as the center of production in ASEAN.

Warehouse

- Supply of warehouses

Based on the research by CBRE, total area of warehouse for lease in Central and Eastern Region is 1,775,598 square meters. The area of warehouses for lease in Bangkok is 682,241 square meters, which is the highest proportion in Central and Eastern Region equaling to 38% of total area of warehouses for lease in this region.

Figure 7-6: Supply of warehouses for rent in the Central and East of Thailand



Note: East Bangkok includes Samut Prakan and the North East of Bangkok

North Bangkok includes Ayutthaya Patumthani and Hemaraj Saraburi Industrial Land

Source: CBRE, June 2013

As of June 2013, TPARK has the highest market share in property development business in warehouse for lease. Total area of warehouses for lease is 748,336 square meters, which is 42% of total area of warehouses for lease in Central and Eastern Region.



Table 7-30: Rental area and market share of warehouses for rent in the Central and East of Thailand by developer

	East Bangkok		Chonburi		Chachoengsao		North Bangkok		Rayong		Total	
	Rental Area (sq.m.)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Rental Area (sq.m.)	Market share (%)	Rental Area (sq.m.)	Market share (%)	(sq.m.)	%
TPARK	10,280	1.51%	343,145	68.03%	2,58,570	87.30%	136,341	-	-	-	748,336	42.15%
WHA	511,748	75.01%	544,54	10.80%	-	-	126,477	-	-	-	692,679	39.01%
HEMRAJ	-	-	106,826	21.18%	-	-	-	-	29,928	-	136,754	7.70%
Chodthanawat	52,685	7.72%	-	-	-	-	-	-	-	-	52,685	2.97%
Best Bonded	50,000	7.33%	-	-	-	-	-	-	-	-	50,000	2.82%
Prospect	45,000	6.60%	-	-	-	-	-	-	-	-	45,000	2.53%
Wyncoast	-	-	-	-	37,616	12.70%	-	-	-	-	37,616	2.12%
Thriven	12,528	1.84%	-	-	-	-	-	-	-	-	12,528	0.71%
Total	682,241	100.00%	504,425	100.00%	296,186	100.00%	262,818	100.00%	29,928	100.00%	1,775,598	100.00%

Source: CBRE, June 2013

- ó TPARK is TICON Logistic Park Co., Ltd. and TPARK Logistics Property Fund
- ó WHA is WHA Corporation Plc. and WHA Premium Factory and Warehouse Freehold and Leasehold Property Fund
- ó HEMRAJ is Hemaraj Land And Development Plc.
- ó Chodthanawat is Chodthanawat Co., Ltd.
- ó Best Bonded is Best Bonded Warehouse Co, Ltd.
- ó Prospect is Prospect Development Co., Ltd.
- ó Wyncoast is Wyncoast Industrial Park Plc.
- ó Thriven is Thriven Group Co. Ltd.



- Demand for warehouses

Based on the research by CBRE, total area of warehouses under lease in Central and Eastern Region is 1,346,196 square meters and the occupancy rate is 76%. The occupancy rate in Chachoengsao in which TICON Logistics Park Bangna is located is 89%. The occupancy rate in Chonburi in which Amata Nakorn Industrial Estate is located is 55%.

Table 7-31: Supply Demand and Occupancy rate of warehouses for rent in the Central and East

	Supply	Demand	Occupancy rate
East Bangkok	682,241	536,660	79%
Chonburi	504,425	277,583	55%
Chachoengsao	296,186	263,152	89%
North Bangkok	262,818	238,873	91%
Rayong	29,928	29,928	100%
Total	1,775,598	1,346,196	76%

Note: CBRE, June 2013

- Future trend of warehouse for lease

Based on the research by Kasikorn Research Center, although there is the slowdown in overall economy, the overview of road transportation business in 2014 tends to be better because of the expansion of economy to other provincial regions. The supporting factors include the private investment to provincial regions, the growth of cross-border trade, and the direction towards ASEAN Economic Community in 2015. The growth rate of gross domestic products for road transportation and logistics (at current price) in 2014 will be 5.1%-7.5% compared to 2013. This is the opportunity for warehouse and distribution center services in order to support this expansion.



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