Memo

To:	Anika Minocha/Savills Investment Management Pte Ltd
From:	Paul Stitt/PwC Thailand
Date:	30 June 2022
Subject:	Review of model

As per the addendum dated 27 June 2022 to the engagement letter dated 18 March 2022, we have reviewed the financial model designated: SIM APAC Logistics Model v53 (AM).

Scope of work

Our work was limited to:

- Reviewing the tax assumptions and the tax outcomes in the model for the Thailand investment.
- Commenting on the assumptions and their consistency with Thai tax rules.
- Commenting on the outcomes and their consistency with the assumptions.

Tax assumptions

The key tax assumptions are:

Assumption	**Rate**	**Comment**
Corporate income tax	20%	Confirmed
Transfer costs fees	3.3%	Excludes registration fee
Sharing with buyer	50%	See comments below
Lease registration fee	1%	Confirmed
Tax on exit	15%	Sale to onshore buyer only
VAT	7%	Confirmed
WHT on dividends	10%	Confirmed
Depreciation	5%	Confirmed

Comments on tax model

Total capitalised costs (deducted in calculating the gain on sale) are:

	THBm
Land	514.8
Construction	1,255.9
Earthworks	21.5
Contingency	38.3
VAT	92.1
Stamp Duty*	17.0
Pre-development costs	7.5
Loan fees	13.8
Interest	60.6
DM fee	7.6
Total	**2,029.1**

*While labelled Stamp Duty in the model, this is actually SBT on the acquisition cost of the land.

Depreciation

Depreciation is calculated at 5% per annum of the following costs:

	THBm
Construction	1,255.9
Earthworks	21.5
Contingency	38.3
Total	**1,315.7**

At 5% this results in annual depreciation of THB 65.8m. It is noted that the capitalised costs include an additional THB 198.6m (including capitalised interest), part of which may be eligible for depreciation as part of the cost of construction of the building (costs would need to be allocated between the cost of acquiring the land and cost of construction). Depreciating the additional costs would result in higher losses in THOC. Conversely, should the land and buildings be sold, it would result in a higher gain on sale.

The depreciation starting date is December 2023. It is assumed that that is the date on which the building would be considered ready for use.

Gain on sale

The gain on sale is calculated as:

	THBm
Exit price	2,573.0
Capitalised costs	(2,029.1)
Depreciation clawback	65.8
Gain	**609.7**

This calculation is appropriate for a sale of the assets (land and buildings) but not for a sale of the structure. In the case of a sale of the structure the gain should be calculated as:

Exit price – (external debt + price allocated to shareholder loan) – cost of investment in shares of THHC/THOC which are sold.

The model assumes that gain on exit would be subject to 15%. This would be appropriate for the sale of the structure (where the buyer is in Thailand). For the sale of the asset, any gain would be subject to corporate income tax of 20%.

Tax sharing on exit

The model assumes that, on exit through sale of the structure, it would be necessary to share the buyer's future SBT and transfer fee costs. The assumption is that 50% of the costs would be shared, resulting in an exit cost of 50% (3.3%+1%) = 2.15% of the sales proceeds.

In fact, the buyer is likely to seek sharing of the corporate income tax on the underlying gain (on sale of the asset) which would accrue to the buyer through purchasing the structure. While the SBT and transfer fee are unavoidable costs on a future sale of the asset, the gain would be avoided if the buyer were to purchase the asset instead of the structure. Thus, using the gain as calculated above and applying 50% sharing, the cost should be 50% x 609.7m x 20% = THB 60.97m

Registration fee on land acquisition

The costs of acquisition of the land do not include the 1% registration fee which would be payable by THOC (the registration fee is 2% of the appraised value of the land; the fee is traditionally split 50/50 between seller and buyer).

Yours sincerely,

Paul B.A. Stitt
Partner