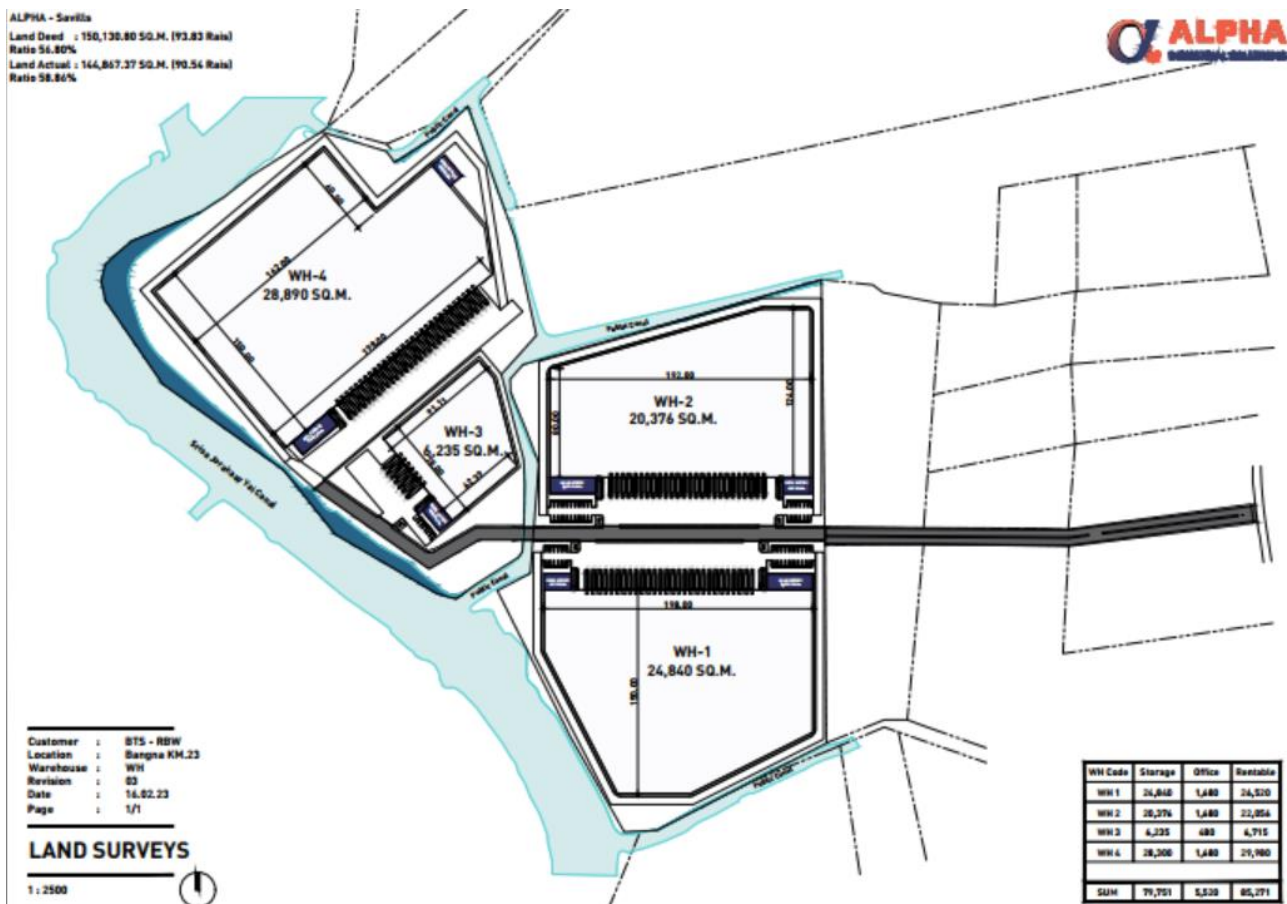


## PROPOSED TRANSACTION:

Forward funding of Logistics warehouse  
"Project Scale" Bangkok, Thailand

## ON BEHALF OF CLIENT:

Savills IM Asia Pacific Income & Growth  
Fund ("APACIG")



Date of Issue: 05/04/2023, Version No. 2

Date of SIM IC meeting: 3 Apr 2023

## 1.1 Executive Summary

<u>Client Name</u>	Savills IM Asia Pacific Income and Growth Fund (“APACIG”) Sub Fund A																																			
<u>Relationship to Client</u>	Investment Advisor of APACIG																																			
<u>Client Strategy</u>	<p>The Fund seeks to construct a portfolio of real estate assets across the major cities in Asia Pacific region providing:</p> <ul style="list-style-type: none"><li>• resilient income return;</li><li>• potential for growth; and</li><li>• diversity (across countries, markets, sectors and assets)</li></ul> <p>Targeting net fund IRR of 8.0 – 10.0% and an average net distribution of 4-5% (after fund expenses and local taxes).</p>																																			
<u>Further steps/Approvals required</u>	Approval of the Savills Investment Management (Luxembourg) Sàrl (the “Management Company”)																																			
<u>Transaction Type</u>	Direct acquisition of the freehold interest.																																			
<u>Description</u>	<p>Forward funding of a 50% economic interest in a JV acquiring 100% of the freehold title of ‘Project Scale’ in Samut Prakan, Bangkok, Thailand (“Property”), a prime logistics site located in Bangkok, Thailand.</p> <p>The site is located in Samut Prakarn which is approximately 50km to Central Bangkok in the logistics hot spot of Bang Na Trad between KM 19 and 39 (specifically at Bang Na Trad KM 23 – outbound and 3km in from the main road). Neighbouring warehouses include, Central, Shoppee, Zuilig Pharma &amp; Ninja Van.</p> <p>The logistics warehouses extend across 85,000m<sup>2</sup> of GLA (over 4 warehouses) on a large site area of +144,000 sqm. The plot ratio (building area:site area) is approximately 60% which is line with international standards for warehouses.</p> <p>Included in this site area, is a private access road with a width of approximately 16 metres (on title) estimated to be approximately 3,200m<sup>2</sup>. The logistics warehouses are set for completion in Q4 2024 with lease commencement forecast to start the day after practical completion. The warehouse will provide institutional grade facilities such as: LEED Silver certification, 12-meter cantilevered awnings, sufficient number and quality of toilets, change rooms, increased area for safe and efficient truck manoeuvrings areas</p> <p>We propose to acquire the site in two phases (Phase 1 then 2), subject to achieving a minimum pre-let commitment for each phase as set out below:</p> <table><tr><th>Phase</th><th>Site Area (m<sup>2</sup>)</th><th>Warehouse</th><th>GLA (m<sup>2</sup>)</th><th>Pre-Commitment (MOU) m<sup>2</sup></th><th colspan="2">Tenant</th></tr><tr><td></td><td></td><td></td><td></td><td></td><th>%</th><td></td></tr><tr><td>1</td><td>82,576</td><td>WH1</td><td>26,520</td><td>26,520</td><td>100%</td><td>CEVA</td></tr><tr><td></td><td></td><td>WH2</td><td>21,756</td><td>5,342</td><td>25%</td><td>CEVA</td></tr><tr><td colspan="3">Phase subtotal</td><td>48,276</td><td>37,398</td><td>66%</td><td></td></tr></table>	Phase	Site Area (m <sup>2</sup> )	Warehouse	GLA (m <sup>2</sup> )	Pre-Commitment (MOU) m <sup>2</sup>	Tenant							%		1	82,576	WH1	26,520	26,520	100%	CEVA			WH2	21,756	5,342	25%	CEVA	Phase subtotal			48,276	37,398	66%	
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2	36,695	WH3	6,955	0	To be let up during construction	
		WH4	29,980	29,980	100%	DB Schenker/Toll Holdings
<b>Phase subtotal</b>			<b>36,695</b>	<b>29,980</b>	<b>82%</b>	
Total	85,271		85,271	67,378		

The Land for Project Scale is intended to be acquired at one time. However, as a backup, the land can be acquired in 2 phases, with phase 1 being the front land with access road making up approx. 54% of the site by land area. This equates to 49 rai or 78,400 sqm .As a worst case scenario, if Phase 2 did not materialise, the Phase 1 returns would be

Phase 1 only base case:

**APACIG's Share** **EUR**

<b>Triple Net Levered IRR</b>	<b>17.1%</b>
Equity	6.1m
Profit	7.1m
MOIC	1.17x

100% land acquisition case: **EUR** **IC Base** **IC Best** **IC Low**

<b>Triple Net Levered IRR</b>	<b>37.0%</b>	<b>56.2%</b>	<b>15.0%</b>
Equity	9.9m	9.8m	10.2m
Profit	13.2m	15.1m	13.8m
MOIC	1.33x	1.53x	1.35x

The deal was sourced off-market via Nicholas Kinsey. APACIG's effective economic ownership interest would be 50% with the remaining ownership owned by Alpha Industrial Solutions (a subsidiary of Origin Property). In addition, a Thai national, Ben Taechaubol will hold a small share interest in order to comply with Thai foreign ownership restrictions, in respect of which he will receive a fixed annual return of Around USD 3,000 to USD 5,000 (see *Proposed Structure of Transaction* below as well as *Legal Structure, Tax and Regulatory* section for detail)

#### Sustainability Attributes

The warehouses will achieve LEED Silver certification. Certification will come post practical completion. Currently, there is no local requirement for any sustainable attributes and it is common amongst competitors to have little or none as a base offering. We can make this a key comparative advantage.

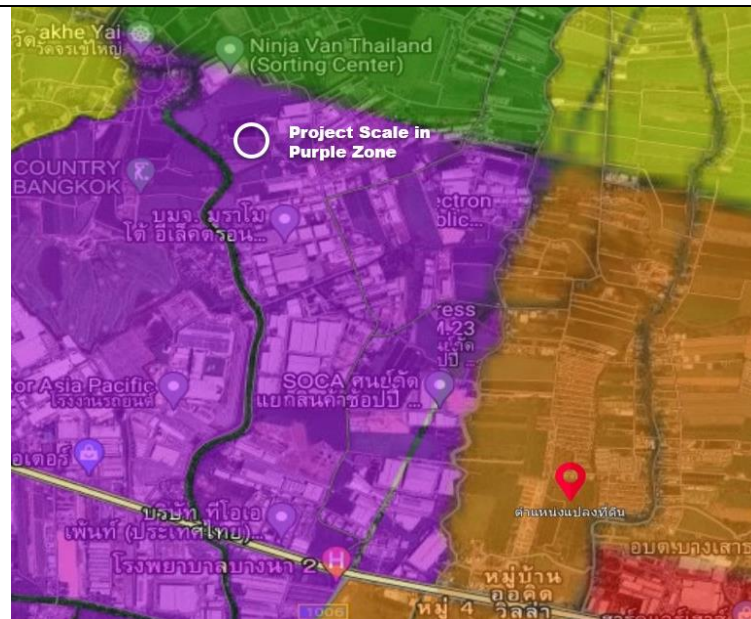
- **Climate Action** – we will ascertain during DD what opportunities there are for improving the asset's mitigation of climate risks and its contribution addressing climate change impacts (ref LEED Energy and Atmosphere). The site is currently used as a fish farm
- **People** – the warehouses will have sufficient amenities for the tenants (ref LEED Indoor Environmental Quality) Including quality bathrooms, canteens, office and break out areas – over and above code or market customary practice
- **Nature** – this will be determined during DD, ref LEED Sustainable Sites

	Our ambition is to have the first LEED certified estate in Thailand.															
<u>Proposed Structure of Transaction</u>	<p>The proposed acquisition will be made through a newly established Thai Company (“Thai Co”). The Thai Co will hold the freehold interest in the real estate.</p> <p>It is a requirement of Thai law that Thai nationals hold &gt;50% of the aggregate issued shares (disregarding any difference in share class) in any company that owns land in Thailand. To meet this requirement, ThaiCo will issue ordinary shares to APACIG (via a Singapore Holdco) and Alpha Industrial Solutions (a Thai-owned company) on a 50/50 basis and a tranche of preference shares to a Thai Individual, Ben Taechaubol. The preference shares will receive a nominal fixed return each year (effectively a fee). The result of this is that Alpha and Ben Taechaubol will together hold &gt;50% of the number of shares. However, the economic ownership of the Thai Co will be split equally between APACIG and Alpha.</p> <p>Please refer to appendix III for the structure diagram.</p>															
<u>Financial Information</u>	<table><tr><th>APACIG's Share</th><th>THB</th><th>EUR</th></tr><tr><td><b>Triple Net Levered IRR</b></td><td><b>37.0%</b></td><td><b>37.0%</b></td></tr><tr><td>Equity</td><td>366.4m</td><td>9.9m</td></tr><tr><td>Profit</td><td>489.1m</td><td>13.2m</td></tr><tr><td>MOIC</td><td>1.33x</td><td>1.33x</td></tr></table> <p>Assumptions:</p> <ul style="list-style-type: none"><li>• The investment will be sold upon PC (3-month pre-construction and 15 months construction ), to AIA at a predetermined cap rate of 6.5% or better. It is expected that this disposal will be structured as a sale of ThaiCo.</li><li>• ThaiCo will pay a Capital Works Project Management Fee equal to 4% of the total development cost (split equally between a to-be-determined SIM entity and Alpha). Note under APACIG’s fund documents, Savills IM Luxembourg Sarl is entitled to a Capital Works Fee of 5% and it may outsource services to related parties (in this case another SIM group company) and pay them fees provided that fees are at-market and set on an arm’s length basis. In this case the fee proposed to be paid to a related party of the Manager is less than the fee to which Manager is entitled and as such is considered reasonable.</li><li>• Sale fee of 1.5% of the sale price payable to party who sold the asset. Modelled to be SIM with the introduction of AIA</li><li>• No asset management has been modelled</li><li>• Euro to THB: 37</li></ul> <p><i>*These returns quoted are asset level returns, post local taxes, fees and expenses.</i></p>	APACIG's Share	THB	EUR	<b>Triple Net Levered IRR</b>	<b>37.0%</b>	<b>37.0%</b>	Equity	366.4m	9.9m	Profit	489.1m	13.2m	MOIC	1.33x	1.33x
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<u>Rationale</u>	<p>The asset fits within the APACIG strategy, which is to construct a portfolio of real estate assets across the major cities in the Asia Pacific region providing stable, durable and defensive income return; potential for growth; diversity and resilience to market downturn.</p> <ul style="list-style-type: none"><li>• The asset offers secure diverse cashflows across at least 2 major tenants who make up 66% of income which is secured for 10 years</li><li>• Strategic significant land holding in the Bangkok area - 50km from Central Bangkok</li><li>• An exposure to 2 of the world’s top ten 3PLs. Both of which are looking at their sites to be multi-user and therefore easier to plan for longevity with multiple customers within their operations</li><li>• Strong established trade logistics area</li></ul>															

	<p>The asset will be best in class, will be future-proofed by strong ESG credentials and open additional opportunities for logistics investment in the immediate vicinity.</p> <p>APACIG will provide forward funding to the JV, with funding obligation only triggered when development risk has been mitigated by satisfactions of the conditions precedent (see below). Until this point, Alpha will fund any capital requirements, with the JV partner's interest in the JV being equalised at the point in time that requirements to trigger APACIG's funding obligation are met. The balance of development cost will be funded by a loan (subject to the APACIG LVR limitation of 60%).</p> <p>Conditions precedent to APACIG's funding obligation being triggered are as follows:</p> <ul style="list-style-type: none"> <li>• No zoning or planning risk</li> <li>• Signed MoUs from prospective tenants (subject only to Board approval)</li> <li>• Signed fixed price construction contract</li> <li>• Satisfactory debt terms</li> <li>• Agreed takeout of asset by AIA upon PC at 6.5% (subject to (i) the JV providing an 18 months rental guarantee over any area unleased at PC; and (ii) Thailand Office of Insurance Commission ("OIC") approval</li> <li>• Should AIA on the unlikely chance not receive OIC approval, APACIG will acquire Alpha's 50% interest in the JV at an agreed takeout price and stabilize the asset.</li> </ul>
<u>Asset Strategy</u>	<ul style="list-style-type: none"> <li>• Pre-Development Construction Start: <ul style="list-style-type: none"> <li>- Land DD</li> <li>- Tenants to sign MoUs</li> <li>- Due Diligence, Legal and Consulting</li> <li>- LEED compliant Designs</li> </ul> </li> <li>• During Development/Construction Period: <ul style="list-style-type: none"> <li>- Site mobilisation &amp; ground-breaking</li> <li>- Site back fill &amp; piling</li> <li>- Structure &amp; roof</li> <li>- Slab</li> <li>- Externals</li> <li>- Tenant access for fit out</li> <li>- Lease up of 4<sup>th</sup> warehouse</li> <li>- Contractor management</li> </ul> </li> <li>• Post Completion: <ul style="list-style-type: none"> <li>- Lease commencement</li> <li>- Lease registration</li> <li>- Defects</li> <li>- Novation of building contracts &amp; warranties</li> <li>- Novation of Leases</li> <li>- Completion of sale &amp; transfer</li> </ul> </li> </ul>
<u>Significant Risks and Mitigations</u>	<p><b>Traffic management</b></p> <p>What: As part of the due diligence process, we have undertaken to date a Phase 1 traffic management study. This confirmed the ability of the road accommodate truck and other movements</p> <p>Phase 2 is to be undertaken on timing to be agreed with Alpha</p> <ol style="list-style-type: none"> <li>1. <u>Phase 2</u>: Assess truck movements in and out of the site and the current and future road network in the area (duration: one month)</li> </ol> <p>Potential Risk Identified: Part of the road upon site entrance appear narrow and there is concern around the ability of trucks to go in and out with ease.</p>

	<p>Mitigant: This work is to be undertaken as the Go-No-Go Phase 1 traffic management. DD Forecast to start in the week of 3 October 2022. Road width coming into the site is 10 meters and therefore can build warehouse over 10,000 sqm. Ninja Van which was just completed and being acquired by AIA is approx. 20,000 sqm. A letter through the existing landowners has been requested from the Aor Bor Tor to confirm this as well</p> <p>Traffic management studies will focus on this by Meinhardt to confirm this will not be an issue for tenants and Phase 2 a deeper dive into the surrounding road infrastructure</p>
<b>Soil</b>	<p>What: Detailed site analysis including checks of the soil and contamination.</p> <p>Potential Risk: Any site contamination</p> <p>Mitigation: The risk of contamination in Bangkok around this area is low as the current use of the site is as a pond/ fish farm. Once the site is owned, the water will be drained, and the top layer (about 30 cm) of soil will be removed. After the topsoil is removed new fill will be brought onto site to raise the site to at or above the external road level. As part of the land due diligence process, we will undertake test piles. We expect the pile depth to be between 28 meters and 32 meters. Finally, backfill will be brought onto site and the site levelled.</p> <p>The soil, zoning &amp; planning DD will also be undertaken primarily by Meinhardt</p>
<b>Zoning</b>	<p>What: Land zoning in Thailand is represented by a colour system. The preferred colour for factory or logistics is "purple" with most other colours allowing a level of warehouse to be constructed however often with heavy restrictions. Purple zone allows for building factories and industrial activities to occur on the site. If certain power requirements are needed (i.e. to construct a large AC site or fridge/freezer), development is only possible on a purple zoned parcel of land as a factory licence will be required. The purple zone is also the least restrictive in terms of fit-for-purpose and the most highly sought after by logistics operators.</p> <p>Potential Risk: A change in zoning on Project Scale land</p> <p>Risk Mitigant: Project Scale is located in purple zoned land. Zoning is undertaken by way of a master plan and cannot be simply changed. For rezoning there is a lengthy 8 stage approval process that is eventually signed off at state level.</p>





## Planning

**What:** Ensuring planning is in place with the local planning authority to allow for assets to be constructed on site

**Potential Risk:** (1) Inability to develop logistics assets on land and (2) Plot ratio (currently modelled c. 60%), is reduced due to public road access.

**Mitigant (1):** As part of the land due diligence we will have the consultant seek from the local planning authority (Aor Bor Tor) feedback on our proposal for the site (4 logistics warehouse ranging for 6,000 sqm to 29,900 sqm).

This will also be examined as part of legal due diligence into the land and titles. Given the site is located in a purple zone, we do not expect any barriers to securing the necessary planning approvals.

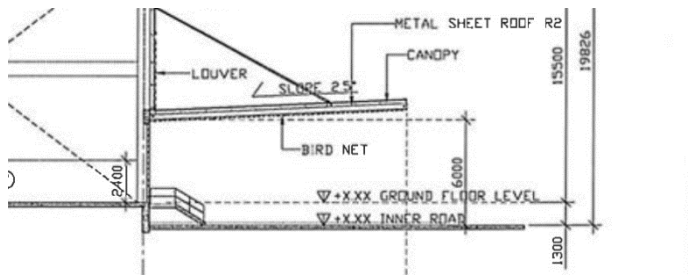
**Mitigant (2):** the road width issue has been factored in by having each building size less than 30,000 sqm with an 10-meter wide access road (this is based on advice as to the restriction range). The Due Diligence report by Alpha will confirm the ability of this site to constructed what is master planned.

## Flooding

**Potential Risk:** Flood risks in the asset location

**Mitigant:** This area was not part of the 2011 flood that occurred throughout Thailand. The land is located south of the airport and in proximity to the Main Canal (Suvarnabhumi) that drains into the gulf of Thailand. We will include an assessment of flood risk as part of the Due Diligence (Physical Climate Risk) process.

Other mitigant is via the design, the warehouse will be raised 1.3-meters above the loading area – common practice to raise warehouse in Thailand for the rear loading of container trucks. Therefore, by design there is at least a 1.3-meter floor buffer.



## Lease Documents

What: Ensuring the asset is not a speculative build

Potential Risk: Pre-let tenants (CEVA and DB Schenker) do not sign on (making 100% of the asset speculative)

Mitigant: Project to be split into 2 phases with APACIG funding of each phase subject to securing MOUs from acceptable tenants in respect of no less than [80%] of the phase's total GFA. Once the MoU is signed negotiations will commence on the definitive Agreement-for -Lease/Pre-Lease agreement & the Lease.

Tenant Updates:

CEVA (Warehouse 1):

- CEVA has sent its due diligence list for our team to complete (financial and legal DD). SIM has commenced sharing the requested information
- CEVA has also requested the Lease and Pre-Lease or Agreement for Lease to review and commence negotiations in parallel which are now being drafted so they can form part of CEVA's board approval process.
- 
- We will need to understand the timing of CEVA's board approvals to manage timing of execution
- CEVA has requested a proposal for 50% of Warehouse 2 with first rights over the remaining space. Its focus is Warehouse 1 however CEVA would like to create a campus of buildings on the site.

DB Schenker (Warehouse 4):

- DB Schenker is working through its operational layouts
- A proposal has been prepared and a meeting had with head of Country OPs, Country CFO Country CEO and Solution Design
- Design meetings held on Q&A on building specifications

Other Leasing Updated

- Warehouse 2 - Proposal issued to BMW
- Warehouse 3 – Meeting held with Country MD of Rhenus Logistics. Showing initial interest for the small warehouse as a Dangerous good store. It likes the site's proposed ESG features
- Warehouse 3 – meeting arranged with Crown Equipment for site expansion and relocation
- Warehouse 4 – Meeting held with Toll Logistics Regional RE team in SG. Followed by meeting with TH Country MD. Proposal has been issued. Await follow up meeting with Country MD



	<p><b>AIA</b></p> <p>What: The intention is to sell the asset upon practical completion to AIA at a pre-agreed cap rate of 6.5% (or sharper)</p> <p>Potential Risk: (1) AIA pull out of the deal (2) Inability to sell the asset on PC due to failed regulatory approval (unlikely)</p> <p>Mitigant (1): Working through an MOU with AIA's Thai and regional team in HK. Continue dialogue and meetings/calls both regionally and locally. AIA has commenced sending some initial DD questions. LEED Silver rating meets AIA investment acquisition criteria.</p> <p>Mitigant (2): APACIG to have the option to stabilise the asset for a further period of 12 to 24 months – or as defined by APACIG. We would also look to run an open international marketing campaign to sell to the others funds/insurance companies – local funds/ESR/Other.</p> <p><b>Contractors</b></p> <p>Potential Risk: Given high inflation, rising construction costs which dampens returns.</p> <p>Mitigants: Thailand team has met with all the likely contractors to brief them on the potential project, and all have indicated a high level of interest in participating in the competitive tender process for a Design &amp; Build under a <b>fixed price contract</b>. The contractors are a mix of strong locals with good reputations and experience in building logistics and offshore Japanese developers. We have also spoken to BlueScope direct regarding structures and cladding. One of the contractors has already done some initial drawings and 3d renders. Two examples of the contractor who will be in our competitive tender process are Christiani &amp; Nielsen (Thai listed company) and Thai Takenaka (Japanese contractor). We have a detailed design brief (LEED Silver) (less guess work on the part of contractors participating in the competitive tender) and in addition we have included contingencies (5% of total build costs).</p> <p><b>Funding</b></p> <p>Potential Risk: Continued rise in interest rates during construction period increases construction cost and impacts sale value at PC. The debt side is being led by Alpha who is leveraging their parent company, Origin Property, for very attractive debt terms.</p> <p>Mitigant: Interest rate cost increase mitigated by attractive term sheet from Kasikorn Bank. Refer to Debt Section for more details on the Term Sheet. Note the Term Sheet is from [March] 2023, and we are in the process of getting this refreshed.</p> <p>UOB has also remains interested however currently less competitive (for example only offering floating rate funding).</p> <p>Alpha has advised it is able to secure favourable banking terms including lower interest rates (all in fixed c.4.695%) from banks it has used previously (UOB, Kasikorn &amp; CIMB). Alpha understands our preference for a regional bank. We will continue to include Green or Sustainable Linked Loan options during negotiations with banks.</p>
<p><u>Priority Issues for</u></p>	<ol style="list-style-type: none"> <li>1. LOI between Savills IM &amp; Alpha – executed in November 2022</li> <li>2. Tax and ownership structure that is efficient for APACIG.</li> </ol>

<u>Due Diligence</u>	<ol style="list-style-type: none"> <li>3. Legal review of the Sale Purchase Agreement with Vendor, JV Terms with Alpha and Forward Funding Agreement to be in place between Alpha and APACIG</li> <li>4. ESG: To achieve LEED Silver certification</li> <li>5. Traffic Management Phase 1 and Phase 2</li> <li>6. Land due diligence including soil testing</li> <li>7. Legal due diligence &amp; KYC on Alpha</li> </ol>
<u>Conflicts of Interest</u>	<p>The Sponsor and Fund team confirms no conflict of interests.</p> <p>Nicholas Kinsey &amp; Ben Taechaubol have known each other for 35 years since high school at The Scots College in Bellevue Hill, Sydney, Australia. Enhanced KYC/AML has successfully been completed on Ben.</p> <p>Alpha acting as JV partner and Environment Consultant: The original plan was to engage Meinhardt as an independent environmental consultant. However during the DD process, Alpha has completed the majority part environment/land related work. We can engage a third party to review if required.</p>
<u>Recommendation</u>	<p>Recommendation is made to the Management Company to:</p> <ol style="list-style-type: none"> <li>1. APACIG to incur DD costs of up to USD 37k (EUR34k) representing APACIG's 100% of total due diligence planned spend onshore (legal &amp; land due diligence) and set up cost.</li> <li>2. On the basis of completed satisfactory initial due diligence and subject to legal advice, we will seek additional due diligence budget of USD96k (EUR88k) and seek approval to execute a binding sale and purchase agreement</li> <li>3. Settlement expected within 30 calendar days from execution of sale and purchase agreement, during which we will: <ol style="list-style-type: none"> <li>a. Finalise JV arrangements</li> <li>b. Finalise debt facility agreements.</li> </ol> </li> </ol>

## 1.2 Key Information

Name/Address of Property	A freehold land parcel at KM 23 Outbound set approximately 3km within the soi from Bang Na Trad					
Sector	Logistic					
Net lettable area update	Warehouse		Tenant		Space	% of floorspace
	W1		CEVA Logistics		26,520 sqm	31%
	W2		TBC		21,756 sqm	26%
	W3		TBC		6,955 sqm	8%
	W4		DB Schenker		29,980 sqm	35%
	Total Site Lettable Area: 85,271 m² (subject to survey) which represents c.60% site coverage.					
Land Area: 144,868m² (subject to survey)						
Major tenants, and lease expiry / break dates update	Warehouse	Tenant	Lease Start	Lease Term	Lease Expiry	Lease Break
	W1	CEVA Logistics		10 Years	Q4 2034	N/A
	W2	TBC		10 Years	Q4 2034	N/A
	W3	TBC		5 Years	Q4 2029	N/A
	W4	DB Schenker		TBC (factored 5 Years in base case)	Q4 2034	N/A
Tenure/Interest	Freehold					
Vendor/Counterparty	Current owners of the land are high net worth private families (two land plots with 2 families owning)					
Transaction Sponsor	Greg Lapham					
Net Purchase Price (NPP)	THB558.3m (land)					
Minimum Sales Price (MSP)	THB2,228m (at 6.5% cap rate)					
Capex	THB1,246.4m					
Estimated Purchase Costs	THB18.4m					

Estimated Gross Purchase Cost (GPP)	THB576.7m			
Gross Rental Income (GRI)	THB166m p.a (assume warehouses 100% leased out)			
NOI on exit	6.5%			
Asset Level IRR (un-gearred)	37%			
Deal Size	Project land to be acquired 100%:			
		Total (THB)	Total (EUR)	
	Equity Contribution –Total	732.8m	19.8m	
	APACIG (50%)	366.4m	9.9m	
	Alpha (50%)	366.4m	9.9m	
	Phase 1 only scenario:			
		Total (THB)	Total (EUR)	
	Equity Contribution –Total	447.8m	12.1m	
	APACIG (50%)	223.9m	6.1m	
	Alpha (50%)	223.9m	6.1m	
	Date of this paper/version number	Apr 2023 // version 2		
	<u>Proposed professional team for Client</u>			
Investment Agent		N/A		
Legal Adviser		Morrison & Foerster (Singapore) Mahanakorn Partners Group (Thailand)		
Tax Adviser		PWC (Thailand/Singapore) KPMG (Germany)		
Technical/Building Surveyor		TBC		
Environmental Consultant		Meinhardt Alpha		
Independent and/or Bank Valuer		JLL (Thailand)		
<u>Total DD Budget &amp; Abort Cost Estimate</u>				

## 1.3 Background to transaction

The opportunity was originated by Nicholas Kinsey of Savills IM, Head of Industrial & Logistics - APAC

**Seller Background:** It is our understanding that the current owners of the land (high net worth private families (two land plots with 2 families owning) are seeking a timely and easy exit from the property for personal reasons. Therefore, certainty of completion for a prospective purchaser is a key negotiating point. It is our understanding that several other parties are interested and negotiating on the land. Certainty of completion and timing once IC is approved would be a key advantage to close the deal with the landowners.

**Funding Background:** APACIG has been considering Project Scale in March 2022 subject to the transaction being structure being compatible with its investment requirements.. To address this, in September 2022, Nick Kinsey approached Alpha Industrial Solutions ('Alpha') to partner for 50% and act as the developer so that APACIG could participate as a forward-funding investor. Alpha Industrial Solutions (a subsidiary of Origin, Thailand) was established in 2009 as a property development company focusing on condominiums along the routes of Bangkok's mass transit system, Sky Train. In 2021 the group had revenues of THB 15.90b / US\$ 480m). Refer to Appendix III for more information on Alpha. Alpha is run by Patan Somburanasin who has brought his team over from Frasers/Ticon (largest developer in Thailand). Patan was formerly the General Manager of Ticon before being acquired by Frasers. Nick Kinsey has had dealings with Patan over the years. Refer to Appendix III for more information on Alpha.

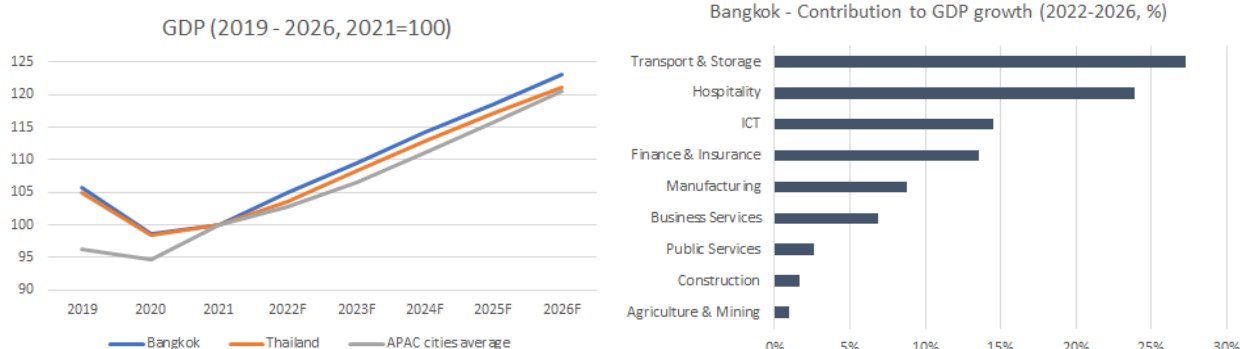
## 1.4 Location

### **City: Samut Prakarn Bangkok, Thailand**

Bangkok is a provincial-level municipality (special administrative area) in central Thailand and is the capital and most populous city of Thailand. Bangkok is a modern and vibrant capital city in Southeast Asia, with desirable lifestyle, geographic location with attractive investment opportunities for businesses.

Bangkok alone accounts for a third of Thailand's economy. It is the key location for Thailand's major banks and corporate headquarters. Bangkok also serves as the seat of the national government, with most government ministerial offices being based there. It is also one of the most popular tourist destinations in the world, welcoming almost 23 million international tourists in 2019.

The Bangkok economy continues to display resilience, with economic growth expected to outpace that of Thailand, as well as the average of Asia Pacific cities. As a major economic node in Thailand with a significant population base, trade, transport, and storage will drive more than a quarter of overall GDP growth in the next five years. To that end, there is significant end-user demand for industrial and logistics real estate.



**Source: Oxford Economics (as at December 2022)**

Bangkok's centrality to Asia opens great potential for investors. Bangkok is amid an economic expansion with various new infrastructure developments across the city. The large-scale capital works projects throughout the

city and surrounding areas means Bangkok will change dramatically over the next ten years, better reflecting the growing global importance of the city from tourism, manufacturing & investment.

Thailand, and Bangkok in particular be long term beneficiary of the 'China Plus One' trend as multinational companies lower their dependence on/exposure to the People's Republic of China and seek alternative locations. The Thailand Board of Investment launched a package of incentives called "Thailand Plus" in 2019. The package was designed for companies affected by the US-China Trade War and were planning to relocate full or part of their operations to another country in Asia. Thailand Plus covers seven key points, including the introduction of new tax incentives and deductions as well as reforms and initiatives designed to improve the ease of doing business. Under the package, an additional 50% reduction in corporate income tax for five years may be granted to an investment of THB 1 billion into projects. The government enhanced the Thailand Plus incentives under royal decrees effective from September 2020, under which it provides new deductions for expenses. All in, these are proactive measures by Thailand and further bolsters its already strong position as a regional industrial hub.

## 1.5 Property Description

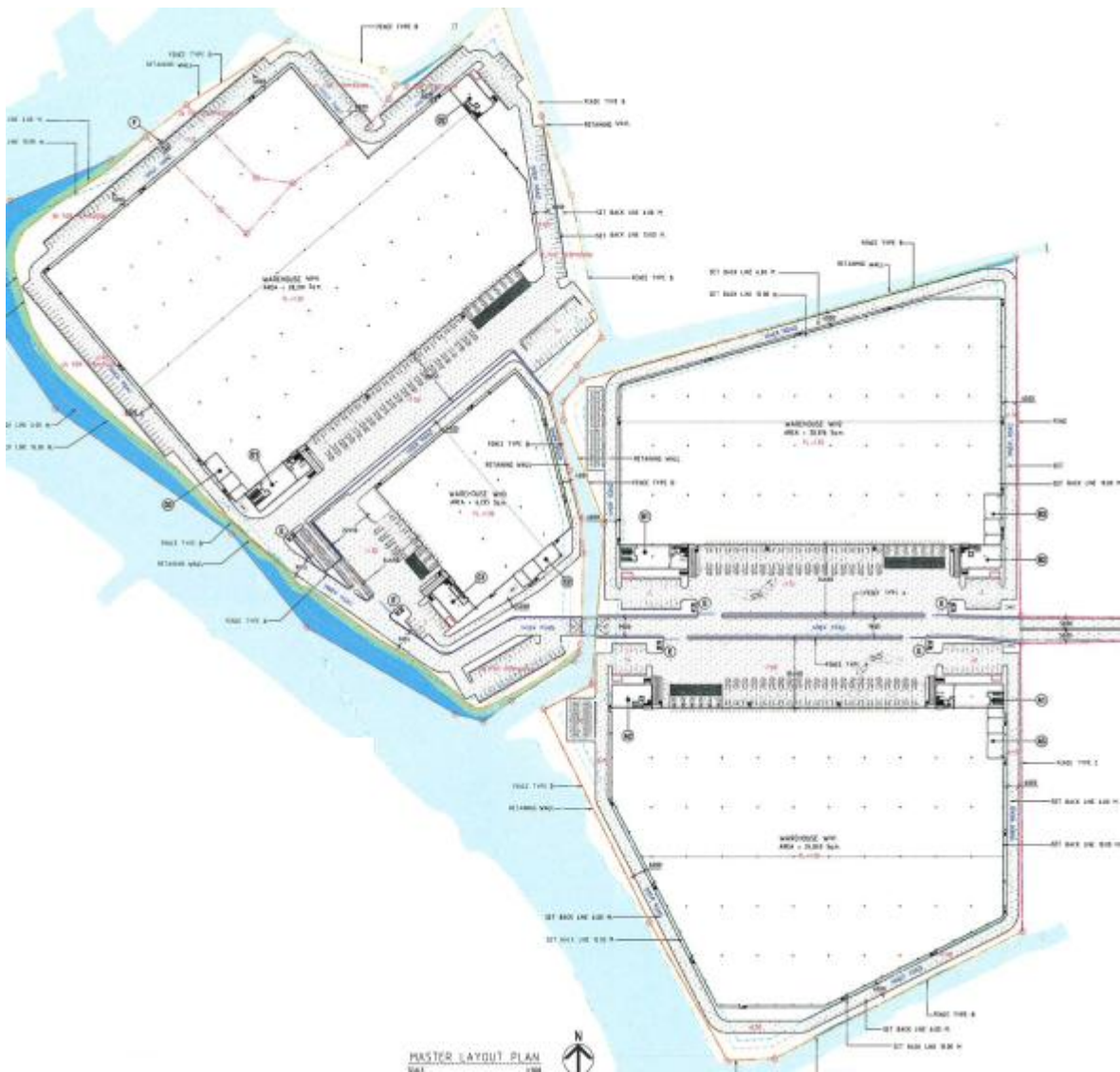
Project Scale is in a well-established logistics location of Samut Prakarn and is approx. 50km to central Bangkok, specifically known in the location of Bang Na Trad 23, outbound Project Scale occupies a 14-hectare site and is forecast to be anchored by 2 of the global top 10 logistics companies, CEVA Logistics & DB Schenker on long term leases until at least 2034.

Project Scale will be completed in Q3/4 2024 and will be a best-in-class logistics site in terms of ESG credentials, LEED Silver specifications and operational efficiencies for customers/tenants.

The project sites across two separate parcels of land (one for each of Phases 1 & 2). DB Schenker & CEVA Logistics are targeted to pre-commit c. 66% of the space, with the remaining c. 34% remaining available for rent. An active leasing campaign will in respect of the unleased warehouse will commence immediately upon commitment to the transaction (leveraging preliminary discussions that have been had to date by Nick Kinsey)..

	Gross rent psm per month (THB)	Gross rent psm per annum (THB)	Gross rent psm per annum (EUR)
Project Scale	160-165	1,920 -1,980	51.9 – 53.5
Market	155 - 165	1,860 - 1,980	50.3 - 53.5





## 1.6 Site Environmental

- Due diligence has yet to commence, however from discussions with the consultant that will be tasked with the DD process, the following is to be expected: The site is not likely to have any contamination issues– very low risk in this area.
- The site is currently a fish farm and pond depth likely 1 to 1.5 meters
- Test piling will be undertaken – expected pile depths are between 28 & 32 meters
- SIM will need to undertake some more environmental DD.

Furthermore, we are engaging with SIM ESG team on climate change resilience. Due Diligence on the site is likely to be undertaken by an organisation with a long history in Thailand and the region – Meinhardt.

## 1.7 Sustainability

### Overview

Background // Where is the market at?

- Green building certification within Thailand is at a relatively early stage
- There is a local certification called TREES however this is new and rarely adopted for logistics
- Sustainability awareness is, however, gaining traction although more in retail & commercial. Requirements are more tenant driven than developer led. Logistics warehousing is of typical low-cost construction / most assets in Thailand are basic with no focus on ESG or tenant requirements
- Majority of landlords lower the specification of their warehouses to appear more cost effective on a rental perspective with little or no regard to ESG. However, emerging green trends and demand from tenants are changing expectations of building specifications
- International 3PLs have declared their own Net Zero/Carbon neutral commitments (CEVA is committing to NZC by 2025 at group level. DB Schenker is committing to a Carbon Neutral 2040 target), so there is a clear opportunity in the market to deliver higher quality, green spec product with elements of futureproofing, such as solar and EV fleet charging
- In emerging Asia there is sometimes a disconnect between group commitments and abilities locally however, Savills IM will be having LEED Silver as a base for our first development putting us already a step ahead of the competition and on the right path to global targets
- Nick Kinsey over the last 9 months, has interviewed tenants as to their requirements and recommends that LEED Silver meets current and future tenant demand, whilst not outpricing rental terms to occupiers in a competitive, low margin logistics environment
- There is track record of LEED Silver industrial buildings in operation and Meinhardt is a LEED certified consultant

### Environmental performance

- The warehouses will be built to LEED Silver standard
- CRREM analysis is not general market practice in Thailand. However, we will identify a local (or regional) sustainability consultant to advise us during the construction tender, and through the construction process, paying particular attention to LEED requirements being: sustainable attributes of the building will include, solar panels, water saving amenities, rainwater collection tanks and LED lights throughout

#### 1.7.1 Energy efficiency

LEED Silver 'Energy and Atmosphere' addresses minimum energy performance including renewable energy. These requirements are included in the Project Brief.

#### 1.7.2 Social and community

QUESTION	EXPLANATION
<p><b>Is the asset in area which is underserved from a community or amenity perspective?</b></p> <p><b>If yes, please detail how the acquisition will support underserved communities, e.g. job creation, new amenity provision</b></p>	<p>- As per LEED category; Location and Transportation, social and community aspects will be specifically addressed.</p>

### 1.7.3 Sustainable behaviours

OCCUPIERS	
<b>Green Lease Clauses</b>	Yes, Green leases will be standard as per LEED and APACIG requirements
<b>Do building occupiers have net zero commitments?</b>	Yes, both CEVA & DB Schenker have made Net Zero or Carbon Neutral commitments at Group level
<b>What is/are the date(s) of their commitment(s) and does it include the space to which they occupy?</b>	CEVA is committing to NZC by 2025 at Group Level. DB Schenker is committing to a Carbon Neutral 2040 target. Project Scale assets will be futureproofed (renewable energy, solar and EV fleet charging)
<b>How will we engage with occupiers to create mutual opportunity in improving the sustainability of the asset?</b>	Savills IM has engaged directly with the tenants (build to suit) and has agreed outline specifications that meet their sustainability goals. There is primarily renewable energy for warehouse operations (including EV fleet charging)
<b>Please provide further details.</b>	

### 1.7.4 Certifications

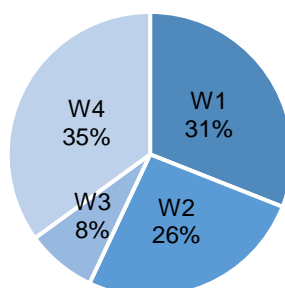
The assets will be certified LEED Silver on completion and is a condition of APACIG to forward fund.  
To note – there is no mandatory requirement for green building certification in Thailand.

## 1.8 Lease Particulars

Warehouse	Tenant	Space	% of floorspace	Rent	Lease Term (years)	Rent Growth (%p.a)
W1	CEVA Logistics	26,520 sqm	31%	THB 162 psm pm	10	2.25%
W2	TBC	21,756 sqm	26%	THB 165 psm pm	10	2.50%
W3	TBC	6,955 sqm	8%	THB 165 psm pm	5	2.50%
W4	DB Schenker	29,980 sqm	35%	THB 160 psm pm	10	2.25%

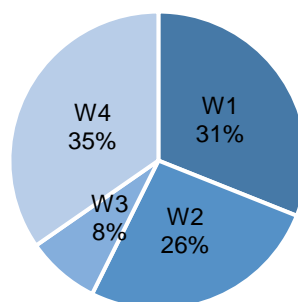
### Tenant by SQM

**Tenancy Area (SQM)**



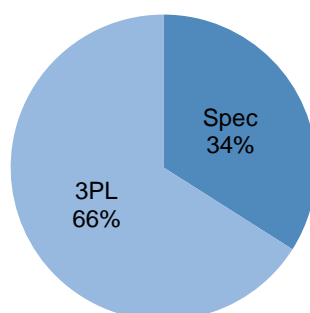
### Tenant by Gross Income

**Tenancy Area Gross Income (THB)**

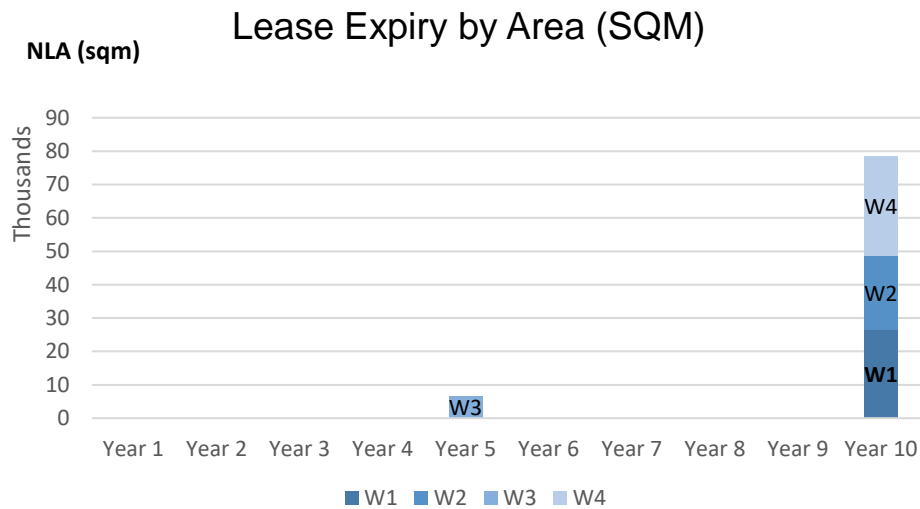


### Tenancy by Sector

**Tenancy by Sector (SQM)**

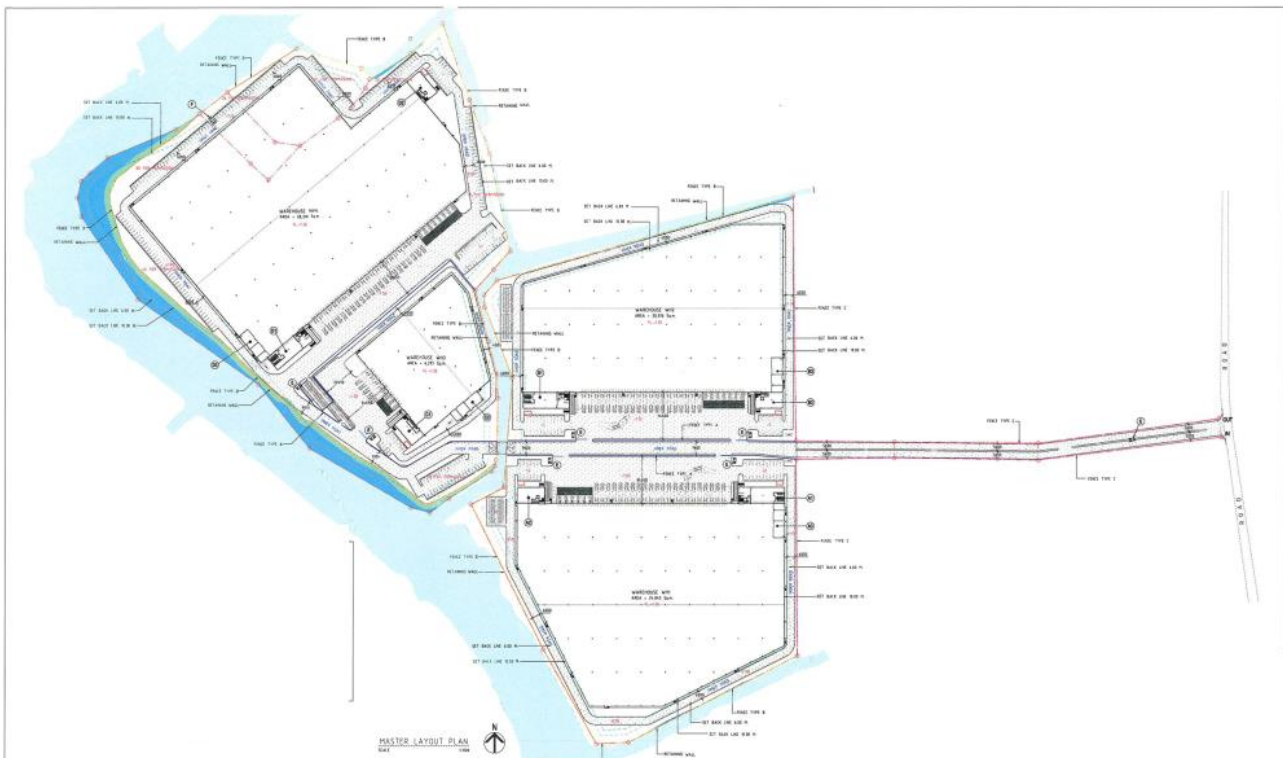


## Tenant Expiry Profile



## Master Plan:

The site has had a preliminary master plan undertaken which will form part of the competitive tender process with the contractors. The master plan below is from one of the contractors competing in the competitive tender (Christiani & Nielsen)





## 1.9 Supporting Evidence

### 1.9.1 National Markets

Please refer to the update under 1.4 Location

### 1.9.2 Investment Transactions

Transaction Year	Property	Location	Size (sqm)	Transacted Value (THB psm)	Transacted Cap Rate	Buyer
2020	Logistics Center 8	Eastern Seaboard	80,012	26,588	5.8%	Undisclosed REIT
2018	SCC Project	Phra Samut Chedi	14,283	30,806	Est. 6.1%	AIM Industrial Growth REIT
2018	Logistics Center 7	Eastern Seaboard	20,700	17,376	4.8%	Undisclosed REIT
2016	Logistics Center 2	Bangkok	95,110	29,660	5.8%	Undisclosed REIT
2014	Logistics Center 1	Bangkok	35,093	28,211	6.1%	Undisclosed REIT

### 1.9.3 Rental Value

- Letters of Advice from local leasing agents/brokers. See Appendix – V
- Competitors offers as comparable to Leasing rates offered in below table
- To note the specifications offered are vastly different between each option for each developer

	Year 1	Rent Free	Av psm pm	Construction Cash Deposit	Comments
Developer 1	155	0	169.48	12 months	Good location. Basic build without LEED
Developer 2	155	0	155.00	12 months	Similar location to Scale. Poor building design. Basic building
Developer 3	148	0	166.66	10 months	Inferior location, large land and flexible, basic build
Developer 4	145	0	159.48	12 months	Good location, basic building, no LEED
SIM (option 1)	165	15	164.23	0 months	Focus with customers on one lease option only
SIM (option 2)	162	17	158.54	12 months	Most customers are

					pushing back on cash deposits
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#### 1.9.4 Operating costs

Not applicable as the asset will be divested at the end of the forward funding – estimated in 18 months

Operating costs for the customers will be improved with the LEED rating, solar panels for their exclusive, use, rainwater tanks and new build warehouse with defects liability period

For the next buyers, operating costs are approx. 3 to 5% of NOI. Note operating costs in Thailand on logistics assets are typically very low as a proportion of NOI given a lot of the day-to-day repairs and routine maintenance is paid by the tenants directly.

## Risk Management

### 1.10 Key risk considerations

RISK CATEGORY	IDENTIFIED RISK	EXPLANATION
<b>Market Risk</b>	Currency Risk	THB is a lower yielding currency than both EUR and USD. As such, putting currency hedging in place results in an uplift in the base currency invested. This coupled with the proposed short term exit date means we will likely hedge more than the usual 50% hedge strategy of the fund. For the purposes of this paper, we assume a 100% hedge but this will be revisited based on market conditions when the THB is physically purchased. For an 18 month hedge, the uplift is currently predicted to be ca. 1.05% and 2.45% for EUR and USD respectively on an annualised basis.
<b>Market Risk</b>	Debt Finance Risk	We have term sheets from the following banks being led by Alpha leveraging their parent company, Origin Properties, for competitive rates: <ol style="list-style-type: none"> <li>1. K Bank (received in December 2022 an)</li> <li>2. UOB waiting on term sheet to be issued</li> </ol> Therefore, the risk of not being able to receive any loan is fairly low and we would seek a binding heads of terms with a bank prior to commitment by APACIG. The one point which could increase execution risk is resolving the recourse issue. Alpha have been explicitly advised APACIG can not accept this risk. APACIG can't provide recourse and K Bank is currently asking for it.
<b>Market Risk</b>	Interest Rate Risk	To be hedged via a fixed rate loan or failing that consider interest rate hedges (subject to availability and practicality given timing and quantum of drawdowns is likely to change through the construction period.)
<b>Sustainability Risk</b>	Environmental Risk	To be explored through DD. None presently known. See reference to soil in risks and mitigants.
<b>Real Estate Investment Risk</b>	Real Estate Market Prices	Increasing interest rates may see softening of capitalisation rates and herald the end of the preceding 10-year cap rate tightening cycle. If this were to occur, it will have an adverse impact on asset values. We don't see this as a risk in Thailand given the large underlying demand for high quality stock and the entry yields ensure positive gearing and will have a fixed exit cap rate with AIA.

### 1.11 Tenant Credit Risk

Credit rating are to be determined through the DD process. However, the tenants we are targeting are some of the largest third party logistics companies in the world. They are highly regarded in the industry.

We expect the majority of the Leasing will be to international companies. Bank guarantees will be a requirement to lease the warehouse space.

CEVA Logistics parent company is CMA CGM who had group revenue on 2021 of US\$ 56 billion

DB Schenker parent company is Deutsche Bahn who is owned by the German government. Group revenue in 2021 for Deutsche Bahn was US\$47 billion

Other tenant leasing:

- Rhenus Logistics - global 2022 revenue of € 8.6 billion (are in our EU portfolio)
- Toll Logistics – owned by Japan Post. Toll 2022 revenue of AUD 7.6 billion. And Japan Post group revenue of USD\$84 billion
- Crown Equipment – 2021 revenue of USD 4 billion

## 1.12 Investor & Non Exec. Advisor issues

No issues identified

There are several issues on which there is further discussion required, eg. with the Fund lawyer's, development agreement, financing term sheet, etc.

## 1.13 Other risks

Not applicable. Please refer to section 1.10 for a full list of deal risks and mitigants.

## 1.14 Client investment restrictions

Provide detail of how the proposed transaction is compliant with the client's investment guidelines and restrictions. Incorporate each guideline, restriction and/or limit into a separate line item in the "Guideline and/or restriction" column. Confirm whether the transaction is within the current guideline and/or restriction and provide comments to justify the response.

Guideline and/or restriction	Transaction within guideline and/or restriction: Yes / No	Comments
<b>Sub-Fund A (Conventional)</b>		
The Fund, at any time, not to invest more than 20% of GAV outside of Japan, Australia, Singapore, South Korea and Hong Kong	Yes	Asset located in Australia
The Fund, at any time, shall not invest more than 20% of its GAV in China, Malaysia, Thailand, Vietnam, Indonesia and New Zealand	Yes	Asset located in Australia
No Single Asset shall exceed 20% of GAV	Yes	Only tested at the end of the IP
The Fund, at any time (beyond investment period), shall not invest more than 50% of GAV in any one country	N/A	Only tested at the end of the IP
No more than 15% of the Fund's consolidated rental income shall be attributable to one tenant or several tenants which form part of the same group (excluding Gov Tenants)	Yes	Adding Forest Lakes to the Fund portfolio lifts exposure to Woolworths Group to 12.1% of gross revenue. No change is

Guideline and/or restriction	Transaction within guideline and/or restriction: Yes / No	Comments
		evident through project Scale.
Any investments which constitute development projects shall at all times be limited to forward commitments or forward funding projects where Fund is not undertaking development itself	Yes	Its forward funding
Permitted development investments shall not, at any time, exceed 15% of the Fund's GAV	Yes	Approx 5-7.5%. Not a development project
The aggregate investment made by the Fund in Liquid Assets shall not exceed 49% of the GAV (German Regulated Entities only)	Yes	Not a liquid investment
<b>Sub-Fund B (Shari'a)</b>		
Shari'a Compliant Investments shall not, at any time, invest in any Property with more than 5% of the aggregate gross revenues generated by all of the tenants of the Fund derived from: <ul style="list-style-type: none"> <li>• Manufacturer or distribution of alcohol;</li> <li>• Manufacturer or distribution of pork-related products;</li> <li>• Gambling (including casinos);</li> <li>• Entertainment including movie theatres;</li> <li>• Pornography'</li> <li>• Non-defence related arms and weapons;</li> <li>• Tobacco;</li> <li>• Non-Islamic financial services; and</li> </ul> biotechnology companies involved in human/animal genetic engineering	N/A	Sub Fund B not established.
Financial restrictions - Conventional 3 <sup>rd</sup> party debt not to exceed 33% of the total market value of the Gross Asset Value of Sub-Fund B	N/A	Sub Fund B not established.  Shari'a compliant debt is historically a spread of 20bps p.a. higher than the non shariah deal due to additional structuring and operational costs required).
Use of Hedging Techniques, Fund structures and other Financial Derivatives Instruments to be reviewed by Shari'a Supervisor. Approval from Shari'a Supervisor to be obtained prior to enter into any hedging activities and derivative instruments	N/A	EUR/AUD or USD/AUD FX hedge may be used as well as fixed interest swap  Shari'a Supervisor approval to be sought before entering into contract
Cash Management – The Fund shall keep its cash in non-interest bearing account	N/A	Non interest-bearing bank accounts to be established where

Guideline and/or restriction	Transaction within guideline and/or restriction: Yes / No	Comments
		possible (subject to market availabilities)

## 1.15 Financial Crime Prevention

Full KYC on all counterparties to be completed prior to sale and purchase agreement becoming binding.

We have engaged the compliance team to conduct checks into Alpha Industrial and the land sellers with initial feedback as follows:

We've conducted initial name screening on the following names with no red flags identified:

- Alpha Industrial Solutions Co., Ltd
- Mr. Udom Srikureja
- Mr. Sasithorn Srikureja
- Ms. Wandee Lertwirun
- Mr. Sunthorn Lertwirun
- Mrs. Saowanee Boonkosol

Full KYC/AML screening to be completed prior to entering into binding contracts.

Note, enhanced KYC/AML has successfully been completed on Ben Taechaubol (who will hold the small preference share interest in the joint venture referred to above).

Other KYC will be undertaken on K Bank & the main contractors – prior to contract executions

## 1.16 Conflicts of Interest

Provide details of any perceived, potential and/or actual conflicts of interest which may arise in accordance with the transaction.

Identification of conflict of interest	Explanation	Mitigation
Could this transaction be perceived as a conflict of interest?	<i>No – No conflict in mandate / funds for Australia</i>	<i>N/A</i>
Have any Savills plc group entities been appointed in respect of this transaction?	<i>None identified</i>	<i>N/A</i>
Does any of the transaction team have any personal interest in the transaction?	<i>None identified</i>	<i>N/A</i>
Will Savills IM receive any additional fees / commissions for appointing a third-party when undertaking due diligence on this transaction?	<i>None identified</i>	<i>N/A</i>
Will Savills IM receive any additional fees / commissions by a third party for acquiring this particular asset for the client?	<i>None identified</i>	<i>N/A</i>
What considerations have been taken into account in asset allocation	<i>None identified</i>	<i>N/A</i>



Identification of conflict of interest	Explanation	Mitigation
Any other conflicts of interest to be considered?	<i>Savills IM Thailand will act as the operating partner on behalf of Alpha and APACIG. As a result, another Savill IM entity will be benefiting from this deal.</i>	<i>Savills IM Thailand is acting in an advisory capacity to APACIG and does not have discretion</i>

## 1.17 Deal Allocation

- Potentially 8th investment for APACIG following the recent close of the Nishi Gotanda office building in Tokyo, Japan and the HQ South office building in Brisbane Australia.
- No conflicting mandates.

## Structure

### 1.18 Asset Plan and Exit Strategy

#### Asset Plan:

- Focus on pre-leasing the unlet space prior to PC to achieve 100% occupancy
- Ensure tenant fitouts are completed to the highest standard
- Safe site and practices
- ESG compliant building through LEED certification

#### Exit Strategy:

- Intended hold period is for the duration of the forward funding requirement which is expected to be 18 months
- Divestment on completion is expected to be to AIA (at pre-agreed cap rate of 6.5% or sharper) on to be agreed terms and conditions, which will be subject to a regulatory approval of the Office of Insurance Commission ("OIC"). LEED Silver certification meets AIA investment acquisition criteria.
- Alternate exit strategy is that APACIG will acquire Alpha's 50% interest in the JVCo at a predetermined exit cap rate of 7% and continue to own the income producing asset

### 1.19 Equity funding

#### Sources and Uses for the Transaction:

##### Acquire the whole land:

Sources and Uses Table (THB)		
Sources	Uses	Comments
Equity	732.9m Land (Incl. Stamp)	576.7m
Alpha	366.4m Pre Construction Costs	6.0m Due diligence, legal/structuring, consulting, first 3 months of project
APACIG	366.4m Total Construction Costs	1,246.4m Base Construction, Bulk Earth works, 3% contingencies, month 4-19 (ex. VAT)
Debt	1,315.3m Project Management Fees	49.9m Applied on capex (total construction costs, ex VAT)
	VAT	90.7m 7% VAT on Construction Costs & PM Fees
	Thai Company Costs	11.5m
	Loan Costs	64.5m Interest, commitment, upfront fee
	FM Fee	8.4m FM Fee
<b>Total</b>	<b>2,048.2m</b>	<b>2,054.2m</b> Difference of EUR 163k between sources and uses

##### Acquire the land for Phase 1:

Sources and Uses Table (THB)		
Sources	Uses	Comments
Equity	454.9m Land (Incl. Stamp)	393.0m
Alpha	227.5m Pre Construction Costs	6.0m Due diligence, legal/structuring, consulting, first 3 months of project
APACIG	227.5m Total Construction Costs	727.9m Base Construction, Bulk Earth works, 3% contingencies, month 4-18 (ex. VAT)
Debt	809.2m Project Management Fees	29.1m Applied on capex (total construction costs, ex VAT)
	VAT	53.0m 7% VAT on Construction Costs & PM Fees
	Thai Company Costs	11.5m
	Loan Costs	35.3m Interest, commitment, upfront fee
	FM Fee	5.8m FM Fee
<b>Total</b>	<b>1,264.2m</b>	<b>1,261.7m</b> Difference of EUR 67k between sources and uses

#### Debt funding:

Bank loan will be taken by the new, to be established, Thai company that will holding the title to the property. Discussions are ongoing with two lenders namely UOB and Kbank. Alpha is managing the process.

The current term sheet from Kbank offers a 120 month loan to finance 75% of the Total Project Costs (including the land cost and the construction of warehouse). The term sheet is not complete with some significant points still to be clarified such as investor recourse and the amortisation schedule (although amortisation should not be realised if the primary business plan timing holds). A term sheet from UOB remains outstanding at this time. Debt would need to be in place in time for land acquisition.

KBank term sheet summary:

Tranche	Tranche 1	Tranche 2
Facility Limit (THB)	374m	970m Tranche 2.1: 843m for the construction Built-to-Suit warehouse Tranche 2.2: 127m for the construction Ready-built warehouse
Purpose	To finance the land costs and/or repayment of land costs	To finance the development cost and construction cost of the project
Interest rate		4.57%
Upfront Fee		0.125%
Prepayment fee		1.75%
Cancellation fee		1.00%

The indicative interest rate is a fixed rate of 4.57% per annum for 120 months, with a 0.125% upfront fee, 1.75% prepayment fee and 1.00% cancellation fee. However, the prepayment fee is only due if we are to refinance with another lender. There will be no break or prepayment fees under any other circumstance. The interest rate is based on the bank's Minimum Lending Rate, which isn't exactly aligned to THB swap rates but swap rates are very similar to when the term sheet rate was quoted so we do not expect an increase at this stage.

Terms will need to be reviewed and consistent with the underwrite before commitment. We would aim to have a fully committed term sheet prior to signing the SPA. Kbank have indicated that full credit approval would take ca. 4 weeks from the moment an indicative term sheet is signed.

**Variables for sensitivity analysis are normally expected to include:**

- Base Rate Movement is not applicable given fixed rate loan, however given the terms are not finalised, we have included sensi table below on LTC % vs. Base Fixed Rate

Fixed Rate → Shift in Base Case →	LTC ↓	Shift in Base Case ↓	Base Rate		
			4.82% 0.25%	5.07% 0.50%	5.57% 1.00%
LTC	75.00%	5.00%	41.3%   1.37x	40.5%   1.36x	39.0%   1.35x
	72.50%	2.50%	38.7%   1.35x	38.0%   1.34x	36.7%   1.33x
	70.00%	0.00%	36.4%   1.33x	35.8%   1.32x	34.6%   1.31x
	67.50%	-2.50%	34.4%   1.31x	33.9%   1.31x	32.8%   1.30x
	65.00%	-5.00%	32.6%   1.30x	32.2%   1.29x	31.2%   1.28x

## 1.20 Legal Structure, Tax and Regulatory

### 1.20.1 Tax

#### Tax advisors

We are expecting to appoint PwC Thailand to advise on tax and structuring matters. PwC provided initial advice on the aborted Thai Logistics Fund so there is a clear efficiency to be gained by appointing them on this transaction. The following is based on that advice and on various ad hoc discussions over the last 12 months. Formal advice will be requested in due course.

#### Outline of proposed structure

Thailand's business law requires that greater than 50% of the share capital of a Thai company must be owned by Thai nationals. However, we have been advised by Mahanakorn that this test is applied on the basis of the number of shares rather than the economic rights. Accordingly, it is expected that Alpha and APACIG (via a Singapore Holdco) will own 50% each of the ordinary shares, with a small preference share interest owned by a Thai individual, Ben Taechaubol. The preference shares will receive a fixed return of USD5-10k p.a. with all remaining profits being received by the ordinary shareholders.

Approximately 70% of the funding injected by Alpha and APACIG is expected to be by way of shareholder loans with an interest rate of 4.57%.

It is necessary for the structure to be compliant with the requirements of the German real estate quota. We have discussed this with KPMG Germany and they verbally confirmed they do not expect any problems in achieving this provided that the articles of ThaiCo can be drafted in an appropriate manner. Formal advice on this matter will be taken during the DD phase.

### ***Acquisition***

The acquisition of the land by ThaiCo will be subject to Specific Business Tax at a rate of 3.3% of the purchase price. It is a matter for commercial negotiation as to whether buyer or seller will bear the cost. At this stage we have assumed that the cost will be borne by ThaiCo.

No VAT will be charged on the land acquisition.

Any VAT charged in any jurisdiction on transaction costs will be irrecoverable.

### ***Development phase***

Costs of the development (including interest on bank and shareholder loans) will be capitalised for accounting purposes. Accordingly, it is expected that ThaiCo will have minimal expenses in its P&L and so will not accrue tax losses during the development phase.

VAT of 7% will apply on payments to Alpha under the forward funding contract. This VAT is irrecoverable.

### ***Operational phase***

ThaiCo will be subject to Thai Corporate Income Tax at a rate of 20%. Taxable profits will be calculated as net rental income less interest on bank and shareholder loans (starting from the point where the assets are let because interest before this point is capitalised), depreciation of the building (at a rate of 5% pa), operating costs and fees payable to SIM and Alpha.

Interest paid on shareholder loans is subject to a 10% withholding tax. This will be a cost.

Dividends paid by ThaiCo to the Singapore Holdco will be subject to a 10% withholding tax. This will be a cost.

There should be no further tax in Singapore.

### ***Disposal***

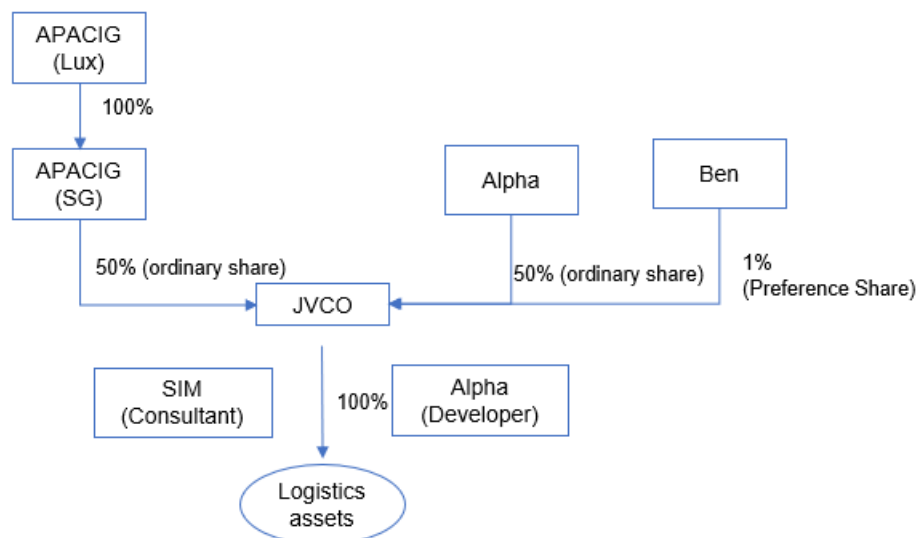
It is expected to exit by way of a disposal of ThaiCo. We have assumed a discount of XX% of the tax on the latent gain on the asset within ThaiCo.

Whether the gain on disposal of the shares is subject to Thai tax or not depends on whether the buyer is a Thai entity or a non-Thai entity. In the former case, the gain would be a 15% withholding tax, whilst in the latter case there would be no tax liability. In our base case, we have assumed ThaiCo is sold to a Thai buyer. In the event ThaiCo is in fact sold to a non-Thai buyer, the base case IRR will decrease by 6%

There would be no further tax in Singapore.

### ***EU Mandatory Disclosure Regime (MDR)***

Structures which meet certain hallmarks are required to be disclosed up-front to relevant tax authorities under the EU Mandatory Disclosure Regime (otherwise known as 'DAC6'). We will ask PwC to consider whether any such disclosures are needed in this instance.



\

## 1.20.2 Regulatory Considerations

With reference to Section 1, will the structure of this transaction involve the acquisition or disposal of shares? If yes, please explain.

No

Will structuring involve hedging positions?

Yes, hedging if used will take place at the Fund level to hedge currency risk.

Will structuring include use of bonds?

No

Will structuring include use of swaps or any other type of derivative contract?

Yes, the Thai Co may enter into interest rate swaps. However this will be further looked into during the due diligence process.

Will any other type of transferrable security be used in structuring this transaction?

No

Anything further to add?

No

## Investment Thesis

## 1.21 Transaction Costs

For onshore expenses it would be shared with the JV partner 50/50. The offshore costs of \$121K are likely to 100% to the account of APACIG.

### Total expenses incurred:

Stage	Approved Budget (USD)	Cumulative approved budget (USD)	Spend Items			Cumulative spend	Cumulative budget available
			Service Provider	Expense Details	Amount		
Concept Stage (6 May 2022)	38,000	38,000	Mahanakorn	Government fees - Company incorporation & docs	194		
			Mahanakorn	Consulting on 2-tier company incorporation services & property S&P agreement	4,458		
			Mahanakorn	Consulting on corporate structures, legal and tax compliance	2,972		
			Mahanakorn	Legal services (attend calls)	2,428		

			Mahanakorn	Call with tax & SIM; prepare translation and certification of docs	905		
			Mahanakorn	Zoom call re translation of required docs	359		
			MOFO	Legal advice	15,483		
			PWC Thailand	Preliminary tax memo	8,000		
			PWC Thailand	Review of financial model	3,000		
			<b>Total spend for Concept Stage</b>		<b>38,000</b>	<b>38,000</b>	
			<b>Budget available for Concept Stage</b>		<b>0</b>		<b>0</b>
<b>Product Change Stage (30 Sep 2022)</b>	5,500	43,500	Meinhardt	Stage 1 - traffic management	3,745		
			<b>Total spend for Product Change Stage</b>		<b>3,745</b>	<b>41,745</b>	
			<b>Budget available for Product Change Stage</b>		<b>1,755</b>		<b>1,755</b>
<b>PMC update Stage (1 Nov 2022)</b>	10,000	53,500	Mahanakorn	SHA, DMA and MOU review	6,000		
			<b>Total spend for PMC update Stage</b>		<b>6,000</b>	<b>47,745</b>	
			<b>Budget available for PMC update Stage</b>		<b>10,000</b>		<b>5,755</b>

Boundary cost of USD2k is paid under APACIG, will share with Alpha 50/50 once we approved the deal.

#### Abortive costs to be approved and incur:

	Output	Previous Budget	Updated Budget	Phase 1	Phase 2	APACIG	Phase 3	APACIG	APACIG
		Total (USD)	Total (USD)			Portion of		Portion of	Portion DD
				Spent to date	To MOU		To Land acquisition		
Onshore	Shareholder/JVA, DMA, AIA MOU	3,670	5,882	5,882	0	0	0	0	0
	Thai Company Incorporation	5,882	1,471	0	1,471	736	0	0	736
	Land Due Diligence	36,764	7,353	0	7,353	3,677	0	0	3,677
	Phase 2 Traffic Management	10,294	10,294	0	0	0	10,294	5,147	5,147
	Land Legal DD	10,200	1,471	0	1,471	736	0	0	736
	AIA SPA	4,044	8,088	0	0	0	8,088	4,044	4,044
	Land SPA	4,044	1,471	0	1,471	736	0	0	736
	Lease, Service & Consultancy, AIA	5,882	5,882	0	5,882	5,882	0	0	5,882
	SPA - review and mark up								
	JV Docs (onshore Thai review of docs)		50,000	0	25,000	25,000	25,000	25,000	50,000
	<b>Sub-total Onshore</b>	<b>86,074</b>	<b>91,912</b>	<b>5,882</b>	<b>42,648</b>	<b>36,765</b>	<b>43,382</b>	<b>34,191</b>	<b>70,956</b>
Offshore	SG set up cost	22,500	7,500	0	0	0	7,500	7,500	7,500
	SG include JV doc review	200,328	45,113	0	0	0	45,113	45,113	45,113
	Transfer Pricing	16,186	16,000	0	0	0	16,000	16,000	16,000
	Tax incentives	-	5,000	0	0	0	5,000	5,000	5,000
	Tax registration	2,943	3,000	0	0	0	3,000	3,000	3,000
	German Tax		19,565	0	0	0	19,565	19,565	19,565
	<b>Sub-total Offshore</b>	<b>241,956</b>	<b>96,178</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>96,178</b>	<b>96,178</b>	<b>96,178</b>
	<b>Total</b>	<b>328,030</b>	<b>188,090</b>	<b>5,882</b>	<b>42,648</b>	<b>36,765</b>	<b>139,560</b>	<b>130,369</b>	<b>167,134</b>



## 2.1 Financial appraisal

### 2.1.1 Base Case Asset level appraisal

Hold period. **1.6 years**  
Annual Rental growth fixed **2.33%**

Vacancy assumptions – length. No running vacancy allowance, but 6 months downtime applied for forward expiries and 12 months for current vacancies.  
Incentives, agency / legal fees.

Principal non-recoverable (e.g. the majority of day-to-day operating costs will be undertaken by each of the tenants directly. The main ongoing estate costs would be ongoing insurance, local property taxes). property management – predominantly around the issuing on invoices & building insurance.

Exit yield. 6.50 % market cap

IRR, initial distribution and average distribution (post tax & fees)

APACIG's Share	THB	EUR
<b>Triple Net Levered IRR</b>	<b>37.0%</b>	<b>37.0%</b>
Equity	366.4m	9.9m
Profit	489.1m	13.2m
MOIC	1.33x	1.33x

Warehouse	Tenant	Lease Term (Year)	Renewal Probability	Vacancies (Month)	Incentive Applied	Leasing renewal fee (Month)	Review Frequency	Rent Growth (%)
W1	CEVA Logistics	10.0	75.0%	3.0	5%	1	Annual	2.25%
W2	Vacant	10.0	50.0%	3.0	5%	1	Annual	2.50%
W3	Vacant	5.0	50.0%	3.0	5%	1	Annual	2.50%
W4	DB Schenker	10.0	75.0%	3.0	5%	1	Annual	2.25%

## 2.1.2 Fund level cost appraisal

Level and cost of debt (including debt set up)	<b>Development Loan</b>		
	LTC	%	70.00%
	Interest rate	%	4.57%
	Commitment Fee	%	0.00%
	Upfront Fee	%	0.13%
	Prepayment Penalty Fee	%	0.00%
	Legal Fee	THB	THB 2.0m
	<b>Stabilised Loan</b>		
	On/Off	%	Off
	LTV	%	70.00%
	Interest rate	%	4.57%
	Commitment Fee	%	0.00%
	Upfront Fee	%	0.00%
	Prepayment Penalty Fee	%	1.00%
	<b>Shareholders Loan</b>		
	% of Equity	%	80.00%
	Interest rate	%	4.57%
Impact of taxation, both as a non-recoverable expense and/or as a cash flow item (e.g. VAT which is payable but is later recovered)	<b>Thailand Tax Rate:</b>		
	<b>Tax</b>		
	Latent Sharing with next Buyer	%	3.30%
	Specific Business Tax	%	0.0%
	Lease Registration Fee	%	2.0%
	Shared with Seller?	%	0.0%
	Effective Registration Fee	%	0.0%
	Corporate Income Tax	%	20.0%
	Capital Gains Tax	%	0.0%
	Onshore Buyer	%	15.0%
	Offshore Buyer	%	0.0%
	WHT on Dividends	%	10.0%
	VAT	%	7.0%
	Yes		
Whether capital allowances/depreciation will reduce tax payable.	<b>Blended Fund Management Cost (% on NAV)</b>		
	1.20%		
Fund management and administrative costs apportioned to the property.	<b>Depository &amp; Central Administration Agent (CAA)</b>		
	EUR 10,000 pa		
IRR, initial distribution and average distribution	No distribution given development and sale after PC		
	IRR: 37.0%		

## 2.1.3 Sensitivity Analysis

	Exit Cap Rate ↓	Shift in Base Case ↓	Hold Period							
			1.6	2.6	3.6	4.6	5.6	6.6		
			0.0	1.0	2.0	3.0	4.0	5.0		
Exit Cap Rate	6.10%	-0.40%	86.4%   1.81x	43.7%   1.98x	32.3%   2.19x	27.1%   2.40x	24.1%   2.62x	22.1%   2.85x		
	6.20%	-0.30%	73.1%   1.68x	38.6%   1.85x	29.5%   2.05x	25.2%   2.26x	22.6%   2.48x	21.0%   2.70x		
	6.50%	0.00%	37.0%   1.33x	24.4%   1.50x	21.2%   1.70x	19.5%   1.90x	18.5%   2.11x	17.8%   2.32x		
	6.75%	0.25%	10.5%   1.09x	13.3%   1.26x	14.5%   1.45x	15.0%   1.65x	15.2%   1.85x	15.3%   2.06x		
	7.00%	0.50%	-13.3%   0.88x	4.2%   1.08x	10.0%   1.30x	12.7%   1.52x	14.0%   1.76x	14.8%   2.01x		
	7.25%	0.75%	-34.9%   0.70x	-6.1%   0.89x	3.8%   1.10x	8.4%   1.33x	11.0%   1.56x	12.5%   1.80x		
	Exit Cap Rate ↓	Shift in Base Case ↓	Rental Growth							
			1.83%	2.08%	2.33%	2.58%	2.83%	3.08%		
			-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%		
Exit Cap Rate	6.10%	-0.40%	86.4%   1.81x	86.4%   1.81x	86.4%   1.81x	86.4%   1.81x	86.4%   1.81x	86.4%   1.81x		
	6.20%	-0.30%	73.1%   1.68x	73.1%   1.68x	73.1%   1.68x	73.1%   1.68x	73.1%   1.68x	73.1%   1.68x		
	6.50%	0.00%	37.0%   1.33x	37.0%   1.33x	37.0%   1.33x	37.0%   1.33x	37.0%   1.33x	37.0%   1.33x		
	6.75%	0.25%	10.5%   1.09x	10.5%   1.09x	10.5%   1.09x	10.5%   1.09x	10.5%   1.09x	10.5%   1.09x		
	7.00%	0.50%	-13.3%   0.88x	-13.3%   0.88x	-13.3%   0.88x	-13.3%   0.88x	-13.3%   0.88x	-13.3%   0.88x		
	7.25%	0.75%	-34.9%   0.70x	-34.9%   0.70x	-34.9%   0.70x	-34.9%   0.70x	-34.9%   0.70x	-34.9%   0.70x		
	LTC ↓	Shift in Base Case ↓	Base Rate							
			4.82%	5.07%	5.57%					
			0.25%	0.50%	1.00%					
LTC	75.00%	5.00%	41.3%   1.37x	40.5%   1.36x	39.0%   1.35x					
	72.50%	2.50%	38.7%   1.35x	38.0%   1.34x	36.7%   1.33x					
	70.00%	0.00%	36.4%   1.33x	35.8%   1.32x	34.6%   1.31x					
	67.50%	-2.50%	34.4%   1.31x	33.9%   1.31x	32.8%   1.30x					
	65.00%	-5.00%	32.6%   1.30x	32.2%   1.29x	31.2%   1.28x					
	Exit Cap Rate ↓	Shift in Base Case ↓	Development Period Flex							
			13.0	14.0	15.0					
			-2.0	-1.0	0.0					
Exit Cap Rate	6.10%	-0.40%	82.9%   1.82x	83.7%   1.80x	86.4%   1.81x					
	6.20%	-0.30%	70.3%   1.69x	70.8%   1.67x	73.1%   1.68x					
	6.50%	0.00%	36.1%   1.34x	35.6%   1.33x	37.0%   1.33x					
	6.75%	0.25%	11.2%   1.11x	9.8%   1.09x	10.5%   1.09x					
	7.00%	0.50%	-11.1%   0.90x	-13.3%   0.88x	-13.3%   0.88x					
	7.25%	0.75%	-31.2%   0.72x	-34.1%   0.70x	-34.9%   0.70x					
	Exit Cap Rate ↓	Shift in Base Case ↓	Construction Cost							
			THB 13.0k/sqm	THB 13.3k/sqm	THB 13.5k/sqm	THB 13.8k/sqm	THB 14.0k/sqm			
			-THB 0.5k/sqm	-THB 0.3k/sqm	0.0	THB 0.3k/sqm	THB 0.5k/sqm			
Exit Cap Rate	6.10%	-0.40%	44.6%   2.31x	42.8%   2.26x	41.0%   2.21x	39.3%   2.16x	37.6%   2.12x			
	6.20%	-0.30%	41.3%   2.17x	39.5%   2.12x	37.7%   2.08x	36.0%   2.03x	34.3%   1.98x			
	6.50%	0.00%	36.7%   1.33x	41.0%   1.37x	37.0%   1.33x	33.0%   1.30x	29.1%   1.26x			
	6.75%	0.25%	18.4%   1.17x	14.4%   1.13x	10.5%   1.09x	6.6%   1.06x	2.7%   1.02x			
	7.00%	0.50%	-5.6%   0.95x	-9.5%   0.92x	-13.3%   0.88x	-17.2%   0.85x	-20.9%   0.82x			
	7.25%	0.75%	-27.3%   0.76x	-31.1%   0.73x	-34.9%   0.70x	-38.6%   0.67x	-42.2%   0.64x			

## 2.1.4 Scenario Analysis

	IC Base	IC Best	IC Low
Triple Net Levered IRR	37.0%	56.2%	15.0%
Equity	9.9m	9.8m	10.2m
Profit	13.2m	15.1m	13.8m
MOIC	1.33x	1.53x	1.35x

## 2.2 Valuation

Valuation to be taken upon PC

#### Conclusion and Timetable

- Estimated date of exchange is mid/end of April 2023
- Estimated completion date is Q4 2024.

Transaction Sponsor (Fund Manager)	Transaction Manager	Fund Finance Manager
Greg Lapham	Nicholas Kinsey	Elizabeth Seah

#### **Transaction Team:**

Nicholas Kinsey  
Fan Boxin

## Appendices

### Appendix I – Photographs Site Plan & Tenanted Area





## Appendix II – Cashflows (Asset Level for both Alpha & APACIG)

Annual Free Cashflows - Fund Level				
Currency	THB	1		
Year	TOTAL	2023	2024	
<b>Revenue</b>				
Gross Income	-	-	-	
Operating Costs + Leasing Fees	(1.3m)	-	(1.3m)	
<b>NOI</b>	<b>(1.3m)</b>	<b>-</b>	<b>(1.3m)</b>	
<b>Development Costs</b>				
Pre-Construction	(6.0m)	(6.0m)	-	
DM Fee	(49.9m)	(17.1m)	(32.8m)	
Land Acquisition	(558.3m)	(558.3m)	-	
Stamp Duty	(18.4m)	(18.4m)	-	
	(1,193.8m)			
Base Construction		(397.9m)	(795.9m)	
Bulk Earth Works	(16.3m)	(16.3m)	-	
Hardcode Unexpected Costs	-	-	-	
Contingencies	(36.3m)	(12.1m)	(24.2m)	
<b>Total Development Costs</b>	<b>(1,879.0m)</b>	<b>(1,026.1m)</b>	<b>(852.9m)</b>	
7% VAT Construction Costs	(90.7m)	(31.0m)	(59.7m)	
<b>Exit</b>				
	2,338.0m			
Exit Price	m	-	2,338.0m	
Exit Costs	(35.1m)	-	(35.1m)	
<b>Net Proceeds</b>	<b>2,302.9m</b>	<b>-</b>	<b>2,302.9m</b>	
<b>Fund and Thai Co Costs</b>				
Thai Co Set Up and Recurring Costs	(2.6m)	(1.7m)	(0.9m)	
Fund Set Up and Recurring Costs	(9.0m)	(6.7m)	(2.3m)	
<b>Total Fund and Thai Co Costs</b>	<b>(11.5m)</b>	<b>(8.3m)</b>	<b>(3.2m)</b>	
<b>EBITDA</b>	<b>(3.9m)</b>	<b>(1.7m)</b>	<b>(2.2m)</b>	
Depreciation & Amortisation	(5.2m)	-	(5.2m)	
<b>EBIT</b>	<b>(9.1m)</b>	<b>(1.7m)</b>	<b>(7.4m)</b>	

<b>FCF Unlevered</b>		<b>(1,065.5m)</b>	<b>1,385.8m</b>
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**Monthly Cashflows Unlevered FCF** (1,065.5m) 1,385.8m

<b>Development Loan</b>			
	1,315.3		
Loan Drawn	m	718.3m	597.0m
Interest Rate	(60.9m)	(16.0m)	(44.9m)
Commitment Fee + Upfront Fee	(3.6m)	(2.9m)	(0.7m)
	(1,315.3		
Loan Repayment	m)	-	(1,315.3m)
<b>Development Loan CF</b>	<b>(64.5m)</b>	<b>699.4m</b>	<b>(763.9m)</b>

	(2,055.4	(1,081.2m	
Capitalised Costs	m)	)	(974.2m)
	(2,055.4	(1,081.2m	
Accured Capitalised Costs	m)	)	(2,055.4m)

<b>Stabilised Loan</b>			
Redbook Valuation	-	-	-
Stabilised Loan	-	-	-
Interest	-	-	-
Commitment Fee + Upfront Fee	-	-	-
Loan Repayment	-	-	-
<b>Stabilised Loan CF</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Levered FCF</b>		<b>(366.1m)</b>	<b>621.9m</b>
Monthly FCF Levered		(366.1m)	621.9m

<b>Equity Required</b>	<b>(725.2m)</b>	<b>(366.1m)</b>	<b>(359.1m)</b>
------------------------	-----------------	-----------------	-----------------

<b>Shareholder Loans</b>			
		(1,631.4m	
SHL Closing Balance		)	(4,493.9m)
SHL Interest	(150.4m)	(18.1m)	(132.3m)
SHL Interest Paid Out	(21.1m)	-	(21.1m)
SHL Interest WHT	(2.1m)	-	(2.1m)
<b>SHL CF</b>	<b>(2.1m)</b>	<b>-</b>	<b>(2.1m)</b>

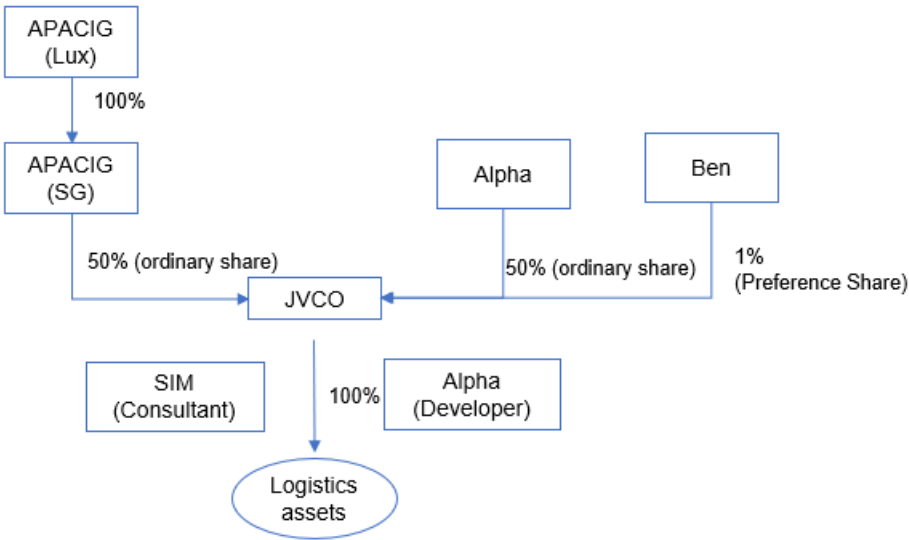
<b>Fund Management Fees</b>			
FM Fee	(8.4m)	(2.04m)	(6.34m)
		0.56%	0.87%

<b>Tax</b>			
EBIT	(9.1m)	(1.7m)	(7.4m)
Total Interest (Loan + SHL)	(7.2m)	-	(7.2m)



Taxable Income (pre losses)		(1.7m)	(14.6m)
<i>Tax Loss Carry Forward</i>			
Opening Balance		-	(1.7m)
Accrued		(1.7m)	(14.6m)
Used		-	-
Closing Balance		(1.7m)	(16.3m)
Taxable Income (post losses)	-	-	-
Corporate Income Tax	-	-	-
Exit Price Minus Capitalised Costs, Add Back Depreciation	287.8m	-	287.8m
CGT	-	-	-
Specific Business Tax + Registration Tax	-	-	-
<b>Distributable Profit</b>	<b>245.3m</b>	<b>(368.2m)</b>	<b>613.5m</b>

Appendix III – Structure diagram



Appendix IV - FX – EUR:THB Historical rate

EUR to THB Chart -4.19% (5Y)

• 1 EUR = 36.8995 THB Mar 27, 2023, 02:54 UTC

Euro to Thai Baht



## Appendix V – Capital Market/Rental Market Information



Jones Lang LaSalle (Thailand) Ltd.  
88 The PARQ, 10th Floor, Ratchadaphisek Road, Klong  
Toei, Klong Toei, Bangkok 10110, Thailand

March 29, 2022

### Savills Investment Management

Attention: Nicholas Kinsey  
Head of Industrial & Logistics – Asia Pacific

### Subject: Broker Opinion-Logistics warehouse in Bang Na

Dear Sir,

As you mentioned regarding the market rent, cap rates & transacted values in Bang Na, Chachoengao and Samut Prakarn area.

Please see below my opinion.

- Average cap rate is around 6.5-7.0%.
- Rental rate THB 165-185. /Sq.m. /m for the logistics-warehouse building where is located adjacent/easy access Bang Na highway from kilometer no.16 -30 in Samutprakarn province.
- Rental rate THB 155-165. /Sq.m. /m for the logistics-warehouse building where is located on the secondary road i.e., Teparak, Bangplee and along Bang Na kilometer no.30-40 in Samut Prakarn and Chachengsao province.
- Rental rate depends on lease term and development type such as Ready Built or BTS warehouse.

Please feel free to let us know if you need any further discussion.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Subyagorn S.', is written over a light blue horizontal line.

Mr. Subyagorn Sansugtaweesub  
Head of Logistics & Industrial Business  
Jones Lang LaSalle Thailand

17/F Ploenchit Center  
2 Sukhumvit Road, Klongtoey  
Bangkok 10110 Thailand  
www.colliers.com  
Tel. +66 2 656 7000 Fax +66 2 656 7111



March 30<sup>th</sup>, 2022

ATTN: Nicholas Kinsey  
Head of Industrial & Logistics – Asia Pacific  
Savills Investment Management Ltd.  
26<sup>th</sup> Floor Abdulrahim Place, 990 Rama IV Road,  
Silom, Bangrak, Bangkok 10500

Good to chat. Here's my high-level response. Apologies that I don't have much time today.

From Bang Na heading towards Chachoengsao, you're looking at rents around THB165/sqm closer to the city to THB150/sqm in Chachoengsao.

For a new entrant, you can expect gross yields starting at 6%. Companies like WHA flip these properties into a REIT after the first rent escalation.

Best Regards,

A handwritten signature in blue ink, appearing to read "Tysen J. Kamin", written over a horizontal line.

Tysen J. Kamin  
Deputy Managing Director  
Agency Services | Colliers Thailand



CBRE (Thailand) Co., Ltd.

46<sup>th</sup> Floor, CRC Tower, All Seasons Place  
87/2 Wireless Road, Lumpini  
Pathumwan, Bangkok 10330

T 66 2 119 1500  
F 66 2 685 3300-1

[www.cbre.co.th](http://www.cbre.co.th)

By E-Mail

30<sup>th</sup> March 2022

Dear Sir,

RE: Opinion on Rents & Cap Rates, Bangna Trad

With regards your query on Thailand rental and cap rates in various provinces around southeast of Bangkok we would note a number of points. Below are our comments.

1. The rental rates for prime logistics in the area known as Bangna Trad Km19-Km23 currently are quoted from the 155-175 THB per sqm per month.
2. The rental rates have been relatively stable over the past 10 years or so, but recently we are starting to see some upwards pressure on rentals particularly in the prime area due to the high land prices and lack of available land for development.
3. There is very little transparency in the Thailand investment market and few arms length investment transactions occur, with the vast majority of transactions being developers selling their own warehouses into REITS which they are holders of and also manage. From discussing with the large developers and investors it is our opinion that the cap rates for investment grade modern logistics with secured long term **Grade A tenant on freehold land would be between 6-7%.**

Yours sincerely,

*Adam Bell*

Adam Bell  
Director  
Industrial & Logistics

17/F Ploenchit Center  
2 Sukhumvit Road, Klongtoey  
Bangkok 10110 Thailand  
www.colliers.com  
Tel. +66 2 656 7000 Fax +66 2 656 7111



March 30<sup>th</sup>, 2022

ATTN: Nicholas Kinsey  
Head of Industrial & Logistics – Asia Pacific  
Savills Investment Management Ltd.  
26<sup>th</sup> Floor Abdulrahim Place, 990 Rama IV Road,  
Silom, Bangrak, Bangkok 10500

Good to chat. Here's my high-level response. Apologies that I don't have much time today.

From Bang Na heading towards Chachoengsao, you're looking at rents around THB165/sqm closer to the city to THB150/sqm in Chachoengsao.

For a new entrant, you can expect gross yields starting at 6%. Companies like WHA flip these properties into a REIT after the first rent escalation.

Best Regards,

A handwritten signature in blue ink, appearing to read "Tysen J. Kamin", written over a horizontal line.

Tysen J. Kamin  
Deputy Managing Director  
Agency Services | Colliers Thailand





Jones Lang LaSalle (Thailand) Ltd.  
88 The PARQ, 10th Floor, Ratchadaphisek Road, Klong  
Toei, Klong Toei, Bangkok 10110, Thailand

March 29, 2022

**Savills Investment Management**

Attention: Nicholas Kinsey  
Head of Industrial & Logistics – Asia Pacific

**Subject: Broker Opinion-Logistics warehouse in Bang Na**

Dear Sir,

As you mentioned regarding the market rent, cap rates & transacted values in Bang Na, Chachoengao and Samut Prakarn area.

Please see below my opinion.

- Average cap rate is around 6.5-7.0%.
- Rental rate THB 165-185. /Sqm. /m for the logistics-warehouse building where is located adjacent/easy access Bang Na highway from kilometer no.16 -30 in Samutprakarn province.
- Rental rate THB 155-165. /Sqm. /m for the logistics-warehouse building where is located on the secondary road i.e., Teparak, Bangplee and along Bang Na kilometer no.30-40 in Samut Prakarn and Chachengsao province.
- Rental rate depends on lease term and development type such as Ready Built or BTS warehouse.

Please feel free to let us know if you need any further discussion.

Yours faithfully,

Mr. Subyagorn Sansugtaweesub  
Head of Logistics & Industrial Business  
Jones Lang LaSalle Thailand

CBRE (Thailand) Co., Ltd.

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Yours sincerely,



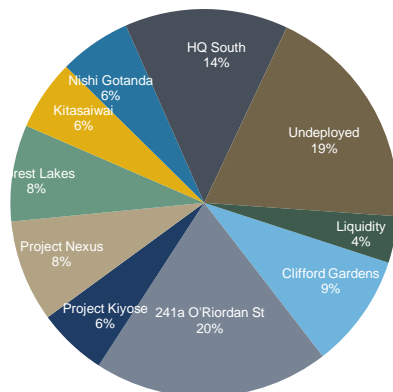
Adam Bell  
Director  
Industrial & Logistics

## Appendix VI – Fund Composition

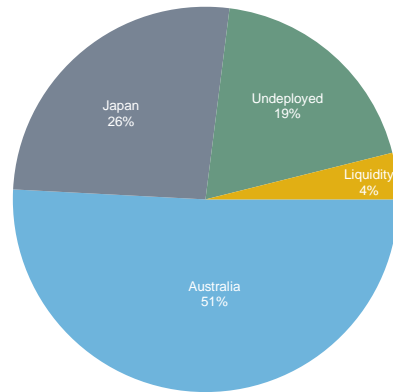
### Existing portfolio

Country	Transaction	Sector	Status	Source	Exch/Settle	Equity Deployed	Purchase Price	Dist. Net	IRR Net <sup>1</sup>	LTV
Australia	Clifford Gardens	Convenience Retail	Current AUM	Off	29-Jun-21	EUR 27.5m	EUR 47.0m	7.5%	12.7%	50.0%
Australia	241a O'Riordan St	Office	Current AUM	On	30-Jun-21	EUR 46.0m	EUR 96.8m	3.0%	8.2%	59.0%
Japan	Project Kiyose	Residential	Current AUM	Off	30-Jun-22	EUR 12.8m	EUR 28.6m	4.2%	9.2%	60.0%
Japan	Project Nexus	Residential	Current AUM	Off	30-Jun-22	EUR 18.8m	EUR 42.0m	6.1%	9.8%	60.0%
Australia	Forest Lakes	Convenience Retail	Current AUM	Off	30-Sep-22	EUR 36.8m	EUR 39.7m	6.1%	9.2%	50.0%
Japan	Kitasaiwai	Office	Current AUM	Off	31-Oct-22	EUR 23.4m	EUR 29.0m	3.3%	11.9%	60.0%
Japan	Nishi Gotanda	Office	Current AUM	Off	31-Jan-23	EUR 11.9m	EUR 29.5m	0.6%	12.7%	60.0%
Australia	HQ South	Office	Current AUM	On/Off	31-Jan-23	EUR 12.5m	EUR 67.2m	3.9%	9.3%	52.5%
<b>Portfolio</b>						<b>EUR 189.8m</b>	<b>EUR 379.7m</b>	<b>4.6%</b>	<b>10.1%</b>	<b>55.9%</b>
1. Post fee / Post Tax						<b>Undeployed</b>	<b>EUR 47.1m</b>			
2. Liquidity provision based on 7.5% of committed equity						<b>Liquidity<sup>2</sup></b>	<b>EUR 19.2m</b>			
						<b>Total</b>	<b>EUR 256.1m</b>			

**Current Portfolio by Asset  
(Purchase Price, SIM Ownership)**



**Current Portfolio by Country  
(Purchase Price, SIM Ownership)**



## Existing portfolio plus Thailand (50%)

Country	Transaction	Sector	Status	Source	Exch/Settle	Equity Deployed	Purchase Price	Dist. Net	IRR Net <sup>1</sup>	LTV
Australia	Clifford Gardens	Convenience Retail	Current AUM	Off	29-Jun-21	EUR 27.5m	EUR 47.0m	7.5%	12.7%	50.0%
Australia	241a O'Riordan St	Office	Current AUM	On	30-Jun-21	EUR 46.0m	EUR 96.8m	3.0%	8.2%	59.0%
Japan	Project Kiyose	Residential	Current AUM	Off	30-Jun-22	EUR 12.8m	EUR 28.6m	4.2%	9.2%	60.0%
Japan	Project Nexus	Residential	Current AUM	Off	30-Jun-22	EUR 18.8m	EUR 42.0m	6.1%	9.8%	60.0%
Australia	Forest Lakes	Convenience Retail	Current AUM	Off	30-Sep-22	EUR 36.8m	EUR 39.7m	6.1%	9.2%	50.0%
Japan	Kitasaiwai	Office	Current AUM	Off	31-Oct-22	EUR 23.4m	EUR 29.0m	3.3%	11.9%	60.0%
Japan	Nishi Gotanda	Office	Current AUM	Off	31-Jan-23	EUR 11.9m	EUR 29.5m	0.6%	12.7%	60.0%
Australia	HQ South	Office	Current AUM	On/Off	31-Jan-23	EUR 12.5m	EUR 67.2m	3.9%	9.3%	52.5%
Thailand	Thai Logistics	Industrial/Logistics	In excl. DD	Off	30-Apr-23	EUR 9.9m	EUR 27.7m	21.1%	37.0%	56.3% <sup>3</sup>
<b>Portfolio</b>						<b>EUR 199.7</b>	<b>EUR 407.4</b>	<b>5.4%</b>	<b>11.4%</b>	<b>55.9%</b>

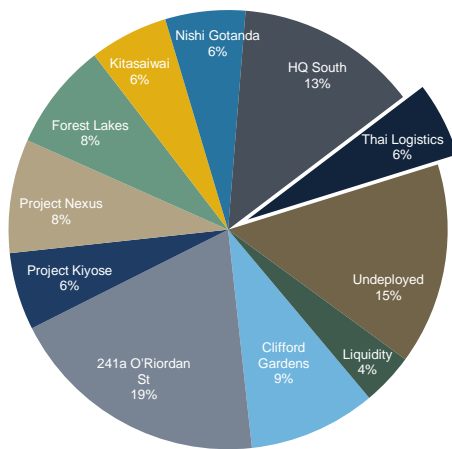
1. Post fee / Post Tax

2. Liquidity provision based on 7.5% of committed equity

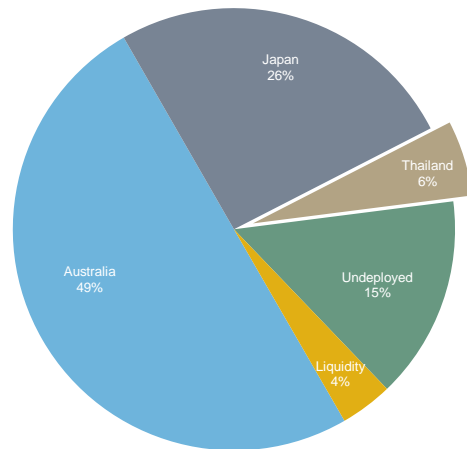
3. Based on value on completion

<b>Undeployed</b>	<b>EUR 37.2</b>
<b>Liquidity<sup>2</sup></b>	<b>EUR 19.2</b>
<b>Total</b>	<b>EUR 256.1</b>

**New portfolio by asset (purchase price)**



**Current portfolio by country (purchase price)**



## Samut Prakarn Zoning

