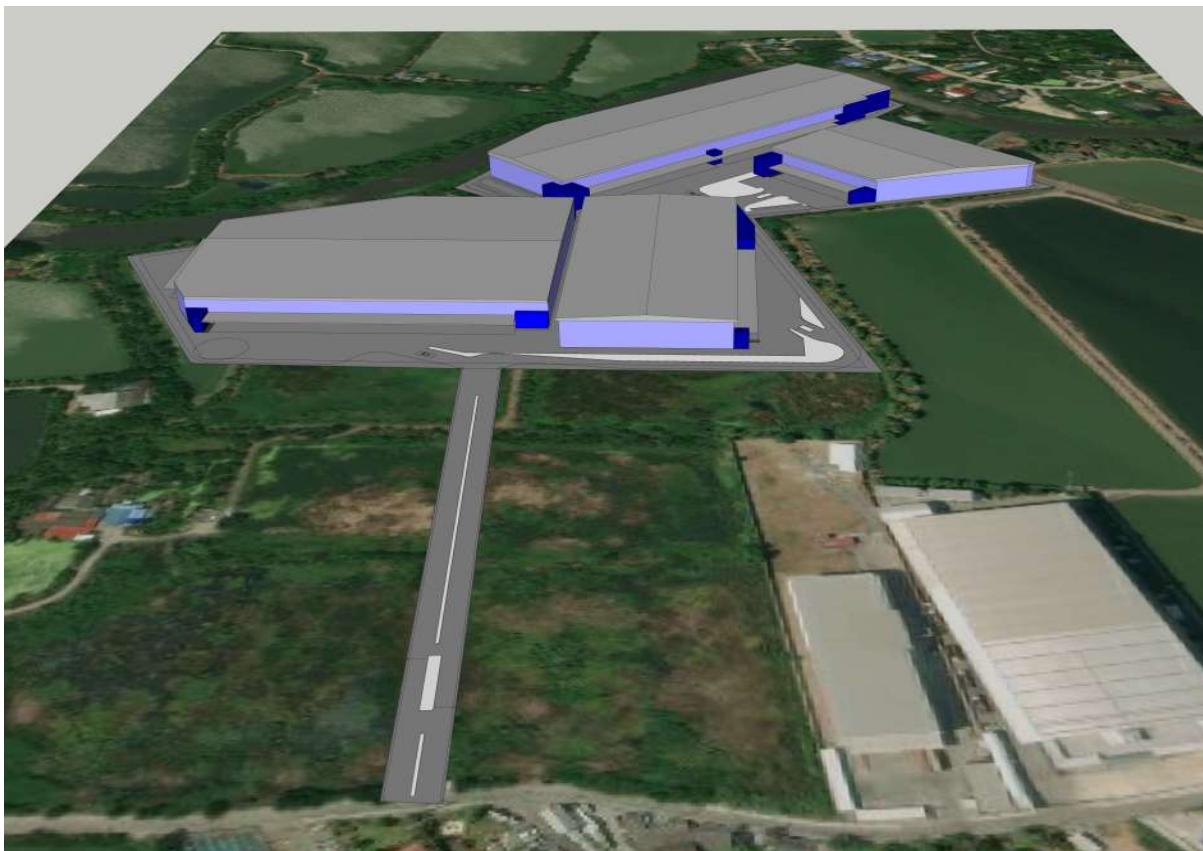


PROPOSED TRANSACTION:

Forward funding of Logistics warehouse
“Project Scale” Bangkok, Thailand

ON BEHALF OF CLIENT:

Savills IM Asia Pacific Income & Growth
Fund (“APACIG”)



Date of Issue: 13/10/2022, Version No. 1

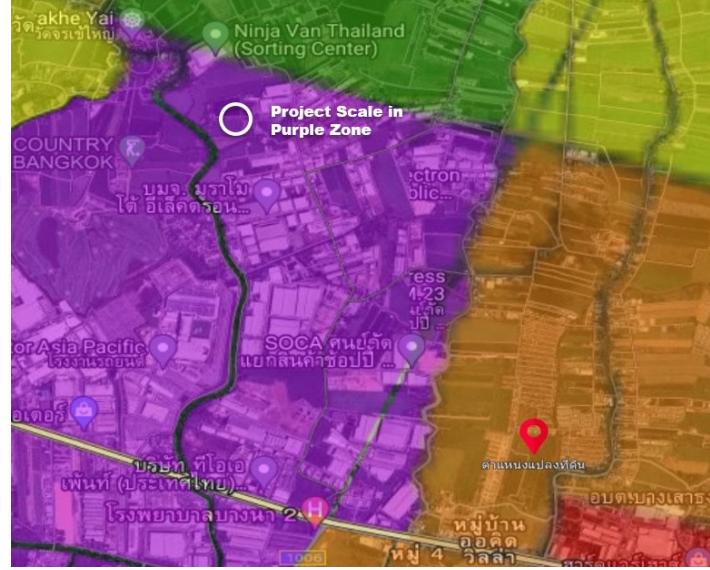
1.1 Executive Summary

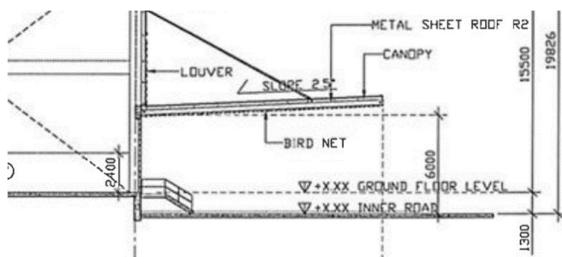
<u>Client Name</u>	<i>Savills IM Asia Pacific Income and Growth Fund (“APACIG”) Sub Fund A</i>
<u>Relationship to Client</u>	<i>Investment Advisor of APACIG</i>
<u>Client Strategy</u>	<p><i>The Fund seeks to construct a portfolio of real estate assets across the major cities in Asia Pacific region providing:</i></p> <ul style="list-style-type: none"><i>resilient income return;</i><i>potential for growth; and</i><i>diversity (across countries, markets, sectors and assets)</i> <p><i>Targeting net fund IRR of 8.0 – 10.0% and an average net distribution of 4-5% (after fund expenses and local taxes).</i></p>
<u>Further steps/Approvals required</u>	<i>Approval of the Savills Investment Management (Luxembourg) Sàrl (the “Management Company”)</i>
<u>Transaction Type</u>	<i>Direct acquisition of the freehold interest.</i>
<u>Description</u>	<p>Forward funding of a 50% interest in a JV acquiring 100% of the freehold title of ‘Project Scale’ in Samut Prakan, Bangkok, Thailand (“Property”), a prime logistics hotspot located in Bangkok, Thailand. Structure to be finalised.</p> <p>The property is located in Samut Prakarn which is approximately 50km to Central Bangkok. The property is strategically located in the logistics hot spot of Bang Na Trad between KM 19 and 39 Neighbouring warehouses include, Central, Shoppee, Zuilig Pharma & Ninja Van.</p> <p>Specifically the land is located at Bang Na Trad KM 23 – outbound and 3km in from the main road.</p> <p>The property on completion will have a forecast WALE of 8.75 years (on Leased area) and forecast total occupancy of 100% with 52% to be pre-let to CEVA Logistics over two warehouses (33% and 19%), 34 % to DB Schenker and 14% speculative with the aim to being occupied by practical completion. Therefore, a total of 86% pre-committed (under MoU) prior to land acquisition.</p> <p>The logistics warehouses extend across 84,000m² of GLA (over 4 warehouses) on a large site area of 140,800 sqm. The plot ratio (site:land area) is approximately c. 60% which is line with international standard warehouse. Local standards often push this to c.70%. However, this increase in site coverage often comes at the detriment of the tenant’s operational efficiency and site safety.</p> <p>Included in this site area, is a private access road (on title) estimated to be approx. 3,200m². The logistics warehouses are set for completion in March 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, locker rooms, increased meters for safe and efficient truck manoeuvrings areas</p> <p>The deal was sourced off-market via Nicholas Kinsey. APACIG’s effective ownership interest would be 50% with the remaining ownership through Alpha Industrial Solutions (a subsidiary of Origin Property).</p>

<u>Sustainability Attributes</u>	<p>The warehouses will achieve LEED Silver certification on 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.</p> <ul style="list-style-type: none"> • 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 Greenfield and 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 															
<u>Proposed Structure of Transaction</u>	<p>The proposed acquisition will be made through a newly established Special Purpose Vehicle ("SPV"). One will be a Thailand Hold Co the other the operating the company. The Thai Op co will hold the freehold interest in the real estate.</p> <p>Alpha Industrial Solutions, will take the remaining 50% interest in the Thai Op Co.</p> <p>[NOTE: once the deal arrangement between APACIG and Alpha is ironed out, we will add more detail to this section]</p> <p>Please refer to appendix III for the structure diagram.</p>															
<u>Financial Information</u>	<table border="1"> <thead> <tr> <th>APACIG's Share</th> <th>USD</th> <th>EUR</th> </tr> </thead> <tbody> <tr> <td>Triple Net Levered IRR</td> <td>30.7%</td> <td>30.7%</td> </tr> <tr> <td>Equity</td> <td>529.1m</td> <td>14.3m</td> </tr> <tr> <td>Profit</td> <td>697.8m</td> <td>18.9m</td> </tr> <tr> <td>MOIC</td> <td>1.32x</td> <td>1.32x</td> </tr> </tbody> </table> <p>Assumptions:</p> <ul style="list-style-type: none"> • Alpha and APACIG sell the asset upon PC (post 18 months of construction), to AIA at a predetermined cap rate of 6.1% • APACIG's effective fees on this deal are only Project Management Fees of 4% (of which 50% is payable to Alpha and the remainder to Savills IM Thailand. Note under the current OM, the Fund is able to charge another SIM entity a PM fee on capital works which includes the total cost of the "construction of new buildings.") • No asset management or sales fee has been modelled • Euro to THB: 37 <p><i>*These returns quoted are asset level returns, post local taxes, fees and expenses.</i></p>	APACIG's Share	USD	EUR	Triple Net Levered IRR	30.7%	30.7%	Equity	529.1m	14.3m	Profit	697.8m	18.9m	MOIC	1.32x	1.32x
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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"> • The asset offers secure diverse cashflows across 3 major tenants who make up 100% of income which is secured for +8.5 years • Strategic significant land holding in the Bangkok area - 50km from Central Bangkok • 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 															

	<ul style="list-style-type: none">• Strong established trade logistics area <p>The asset will be best in class, have strong futureproofed ESG credentials and open additional opportunities for logistics investment in the immediate vicinity.</p> <p>Considering the JV with a local logistics developer, Alpha, APACIG would effectively forward fund approximately 20% of cost associated with the acquisition of land acquisition and development of the logistics assets. Funds would also be provided by the equity partner (Alpha) and a lender (potentially up to 60% LTV). The assets have pre-committed leases with world leading 3PLs (c.85% of GLA) and those leases will commence at or near the Practical Completion of the development.</p> <p>APACIG is permitted to undertake value add up to 40% and development by way of a forward funding. Value add is undefined in the Fund docs. There is a restriction of development to 15% of the GAV (this deal would represent 4% of current GAV). That development may be by way of a forward commitment or forward funding although essentially the risks need to be mitigated.</p> <p>There is no definition of either method. As such, there are no specific investment restrictions preventing APACIG from undertaking this investment. That said, acting as a strong fiduciary, we would want to be open and transparent with investors and would intend to seek the investors feedback at the upcoming Unitholder Advisory Committee ("UAC") meeting in Frankfurt on 20 October 2022. We believe we are well placed to program manage this project as we have a 30-year experienced development expert on the ground and the equity partner has considerable experience in development.</p> <p>CPs to the funding are as follows:</p> <ul style="list-style-type: none">• No zoning or planning risk• Signed MoUs from prospective tenants (subject only to Board approval)• Fixed construction costs – including contingency + land fill budget (with risk passed to Alpha)• Attractive debt terms• Agreed takeout of asset by AIA upon PC at 6.1% (or other rate as agreed) with 12 months guarantee over any unleased area (subject to the office of insurance commission ("OIC") approval
<u>Asset Strategy</u>	<ul style="list-style-type: none">• Pre Development Construction Start:<ul style="list-style-type: none">- Land DD- Tenants to sign MoUs- Due Diligence, Legal and Consulting- LEED compliant Designs• During Development/Construction Period:<ul style="list-style-type: none">- Site mobilisation & ground-breaking- Site back fill & piling- Structure & roof- Slab- Externals- Tenant access for fit out- Securing the 4th tenant- Contractor management• Post Completion:<ul style="list-style-type: none">- Lease commencement- Lease registration- Defects- Novation of building contracts & warranties- Novation of Leases- Completion of sale & transfer

Significant Risks and Mitigations	<p>Traffic management</p> <p>What: As part of the due diligence process, we will be undertaking 2 traffic management assessments:</p> <ol style="list-style-type: none"> 1. <u>Phase 1</u>: confirm the ability for the road to be able to cater for traffic/truck movements (duration: approx. one week) 2. <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) <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>Mitigator: 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</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> <p>Soil</p> <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 of soil will be scrapped away (about 30 cm). After the topsoil is removed new fill is to be brought onto site (already part of the design to occur) to bring the site to 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 & Planning DD will also be undertaken primarily by Meinhardt</p> <p>Zoning</p> <p>What: Land zoning in Thailand is referred to by a colour system. Most colours allow for a level of warehouse to be constructed however often heavily restricted. The preferred colour for factory or logistics is "purple". This 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 Mitigator: 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>
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Planning	<p>What: Ensuring planning is in place with the local planning authority to allow for assets to be constructed on site</p> <p>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.</p> <p>Mitigant (1): As part of the land due diligence we will have the consultant speak to the local planning authority (Aor Bor Tor) on what we intend to build on the site (4 logistics warehouse ranging for 12,000 sqm to 29,500 sqm). They will get feedback on any red flags. 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, there should be no issues with the planning approvals.</p> <p>Mitigant (2): We have already factored the road width and are having the building size less than 30,000 sqm with an 8-meter wide access road (we have been advised this is within the restriction range). The Due Diligence report by Meinhardt will confirm the ability of this site to constructed what is master planned.</p>
Flooding	<p>Potential Risk: Flood risks in the asset location</p> <p>Mitigant: This area was not part of the infamous 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 a flood check as part of the Due Diligence (Physical Climate Risk) process.</p> <p>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.</p>



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: It is the intention to have an MoU signed by the tenants prior to the acquisition and transfer of the land. Once the MoU is signed negotiations will commence on the definitive Agreement-for-Lease/Pre-Lease agreement & the Lease. Green Lease clauses will be introduced.

Tenant Updates:

CEVA:

- CEVA have sent their due diligence list for our team to complete (financial and legal DD)
- They have also requested the Lease and Pre-Lease or Agreement for Lease to review and commence negotiations in parallel
- For now, we are buying time with CEVA to not commence and incur legal costs. It is not unreasonable and common to have these documents negotiated and agreed whilst they are going for their board approvals.
- We will need to understand their timing on board approvals to confirm when they would be able to execute

DB Schenker:

- DB Schenker are working through their operational layouts
- A proposal has been prepared and a meeting is being scheduled with head of Country OPs, Country CFO and Solution Design to discuss
- Design meetings held on Q&A on building specifications

AIA

What: The intention is to sell the asset upon practical completion to AIA at a pre-agreed cap rate of 6.1%

Potential Risk: (1) AIA pull out of the deal (2) Inability to sell the asset on PC due to failed regulatory approval

Mitigant (1): We met with AIA again last week along with their Thailand CIO. They have socialised the opportunity internally and with their management office in Hong Kong. Both are eager about the opportunity. AIA are currently working through their investment models and reviewing the LOI. We anticipate some feedback on the LOI in the coming days. LEED Silver rating meets AIA investment acquisition criteria.

	<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>Contractors Potential Risk: Given high inflation, rising construction costs which dampens returns.</p> <p>Mitigants: We have met with all the contractors to update on the potential project, and all are very interested in participating in the competitive tender process. The development will be a Design & Build with a fixed price contract in place. 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 & Nielsen (Thai listed company) and Thai Takenaka (Japanese contractor). We have a robust design brief (LEED Silver) with a lot of inclusions (i.e., less guess works when the contractors are undertaking the competitive tender) and then we have contingencies baked in (5% of total build costs). If something is in the brief and they have not included – without noting it's an exclusion, they then would bear the costs.</p> <p>Funding Potential Risk: Given global rise in interest rates, ensuring minimal / controlled exposure, especially so given there is no income generated in this asset</p> <p>Mitigant: We have an attractive fixed-rate term sheet from OCBC and there could be some final negotiations to get a slightly better deal. Refer to Debt Section for more details on the Term Sheet. Note the Term Sheet is from July 2022, and we are in the process of getting this refreshed.</p> <p>UOB are also still interest and following up however currently less competitive (also only offering floating, which we would like to avoid).</p> <p>Alpha have advised they are able to retrieve favourable banking terms including lower interest rates (all in fixed c.4.5%). The banks they have used previously are advised to be UOB, Kasikorn & CIMB. They are happy to add OCBC into the mix and also understand our preference for a regional bank. SIM continue to include Green or Sustainable Linked Loan options during negotiations with banks.</p>
<u>Priority Issues for Due Diligence</u>	<ol style="list-style-type: none"> 1. LOI between Savills IM & Alpha 2. Tax and ownership structure that is efficient for APACIG. 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 4. ESG: To achieve LEED Silver certification on completion 5. Traffic Management Phase 1 and Phase 2 6. Land due diligence including soil testing, test piles

	7. Legal due diligence on the seller and land titles
<u>Conflicts of Interest</u>	The Sponsor and Fund team confirms no conflict of interests.
<u>Recommendation</u>	<p>Recommendation is made to the Management Company to:</p> <ol style="list-style-type: none"> 1. APACIG of up to USD 281,803 (EUR284k) representing 50% of total due diligence planned spend onshore & 100% of the DD spend and set up costs (legal & tax) offshore. The first phase (and abortive period) can be kept to be our 50% share of USD 100,000. 2. On the basis of completed satisfactory due diligence and subject to legal advice, we seek approval to execute a binding sale and purchase agreement 3. Settlement expected within 30 calendar days from execution of sale and purchase agreement, during which we will: <ul style="list-style-type: none"> a. Finalise JV arrangements b. Finalise debt facility agreements.

1.2 Key Information

Net lettable area	Warehouse	Tenant	Space	% of floorspace
	Warehouse 1A	CEVA Logistics	28,000 sqm	33%
	Warehouse 1B	CEVA Logistics	16,000 sqm	19%
	Warehouse 2	DB Schenker	28,000 sqm	33%
	Warehouse 3	TBC	12,000 sqm	15%
<p>Total Site Lettable Area: 84,000 m² (subject to detailed design & survey) which represents c.60% site coverage.</p> <p>Land Area: 140,800m² (subject to survey)</p>				
Major tenants, and lease expiry / break dates	Warehouse	Tenant	Lease Start	Lease Term
	1A	CEVA Logistics	01 April 2024	10 Years
	1B	CEVA Logistics	01 April 2024	10 Years
	2	DB Schenker	01 April 2024	10 Years
	3	SPEC	01 April 2024	TBC (factored 5 Years in base case)
Deal Size			Total (THB)	Total (EUR)
	Equity Contribution –Total		1.0b	27.6 m
	APACIG (50%)		511.5m	13.8m
	Alpha (50%)		511.5m	13.8m
Tenure/Interest	The JV will be acquiring the Freehold interest in the land. The structuring noted in this document outlines the ability how the JV can acquire the freehold interest, is required in the ownership structure)			
Vendor/Counterparty	Local Private			
Counterparty Full Legal Name	Mr. Udom Srikureja Mr. Sasithorn Srikureja Ms. Wandee Lertwirun Mr. Sunthorn Lertwirun Mrs. Saowanee Boonkosol			
Agent of Counterparty	Mr Jouan Jackson Wellgrow Land Real Estate Agency Co. Ltd.			
Transaction Sponsor	Greg Lapham – Fund Manager			
Transaction Manager	Nicholas Kinsey			
Date of this paper/version number	October 2022 // version 1			

<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
Independent and/or Bank Valuer	Colliers Thailand (note they have not been appointed yet however have an indicative price for works)

1.3 Background to transaction

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

Seller Background: It is our understanding that the current owner 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 was approached about Project Scale in March 2022 and have been interested in this deal, however made it clear to Nick Kinsey that for fiduciary reasons, could not be the sole owner of this asset. As a result, in September 2022, Alpha Industrial Solutions ('Alpha') was approached as a partner to own the remaining 50%. Alpha Industrial Solutions (a subsidiary of Origin, Thailand). Established in 2009 as a property development company focusing on condominiums close to Sky Train routes. In 2021 the group has 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

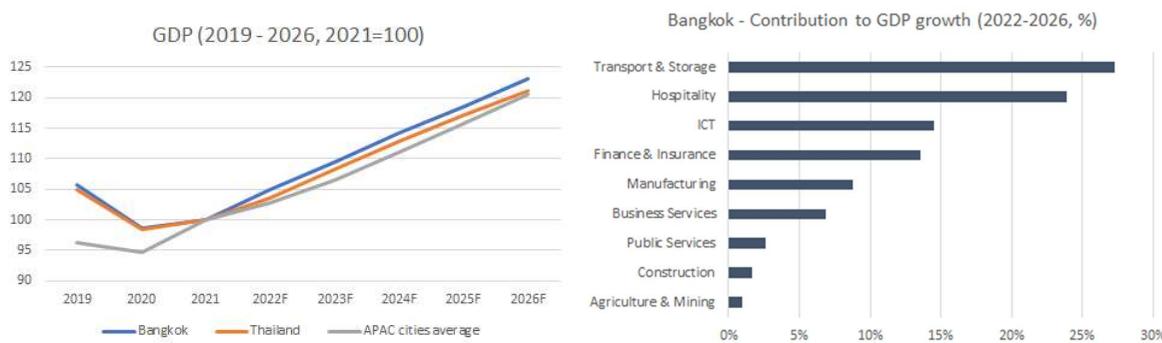
1.4 Location

City: Bang Na, 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 8 October 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.



Suburb: Samut Prakan

Project Scale which is located on Bag Na Trad KM 23 outbound and 3km from the main road (see map below) (<https://goo.gl/maps/KwnfwUJa3SrM4GNe9>) is situated in the suburb of Samut Prakan, 50km to the Central Bangkok. Bang Na is known as the logistics corridor for Bangkok. Some of the major occupiers in the area are: P&G, Unilever, DHL, DB Schenker, CEVA, Starbucks, DKSH, Zuilig Pharma &Central Group. The main developers of logistics in the area and in the country are WHA & Frasers.

Samut Prakan has land areas that are allocated (through zoning of purple) for industrial and warehousing. The land is located in an area that sits in the centre of Bangkok Metropolitan Region ("BMR") and the new Eastern Economic Corridor ("ECC"), hence located around strong road infrastructure including both highways and elevated toll roads. Access into the site is 3km from the main road with easy access to and from Central Bangkok.

Project Scale is 20km from Suvarnabhumi Airport (Thailand's main international airport).

Correctly zoned purple land is becoming scarce, and prices are moving. There is often a disparity between asking prices and final negotiated prices. Prices also vary depending on the distance from the main road. Within this area it is also not uncommon to have land for sale for high prices that has little commercial value due to the shape – for example, 80 meters wide and 300 meters long. Therefore, not able to build a logistics facility on that would operationally work for most.

We have seen & investigated asking prices for land from THB 5 million per rai (or US\$ 94 Sqm) to THB 20 million per (or US\$ 378 sqm).

A common practice amongst local developers in attempt to keep rents low (and competition out) is taking 30-year leasehold terms with no right to renew. These would typically attract an upfront payment of 30% of the value and then month land rental payments.

A lot of the warehouse stock in Samut Prakarn and Bang Na is aging. There is a need for newer, greener, and more efficient warehouse with this area and in Bangkok in general.



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 Q1/2 2024 and will be a best-in-class Logistics site in terms of ESG credentials, LEED Silver specifications and operational efficiencies for the customers/tenants.

DB Schenker & CEVA Logistics are targeted to pre-commit c. 85% of the space, with the remaining c. 15% remaining available for rent. An active leasing campaign will commence upfront commencement of construction.

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



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 however is gaining traction although more in retail & commercial. Requirements are more tenant driven not 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 competing 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 are committing to NZC by 2025 at Group Level. DB Schenker 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 (note this is also a requirement from APACIG)
- 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 Meinhardt are 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

1.1.1 Energy efficiency

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

1.1.2 Social and community

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

1.1.3 Sustainable behaviours

OCCUPIERS

Exclusions Policy

The tenants have been assessed in line with SIM's Exclusions Policy and their Sustainability statements. Savills IM will provide low carbon operational assets to help the tenants meet their Net Zero/Carbon Neutral targets.

Green Lease Clauses

Yes, Green leases will be standard as per LEED and APACIG requirements

Do building occupiers have net zero commitments?

Yes, both CEVA & DB Schenker have made Net Zero or Carbon Neutral commitments at Group level

What is/are the date(s) of their commitment(s) and does it include the space to which they occupy?

CEVA are committing to NZC by 2025 at Group Level. DB Schenker committing to a Carbon Neutral 2040 target.
Project Scale assets will be futureproofed (renewable energy, solar and EV fleet charging)

How will we engage with occupiers to create mutual opportunity in improving the sustainability of the asset?

Savills IM has engaged directly with the tenants (build to suit) and have agreed outline specifications that meet their Sustainability goals.
There is primarily renewable energy for warehouse operations (including EV fleet charging)

Please provide further details.

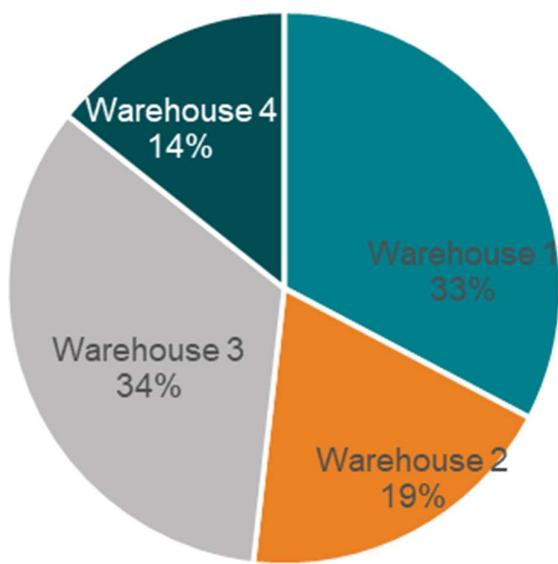
1.1.4 Certifications

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

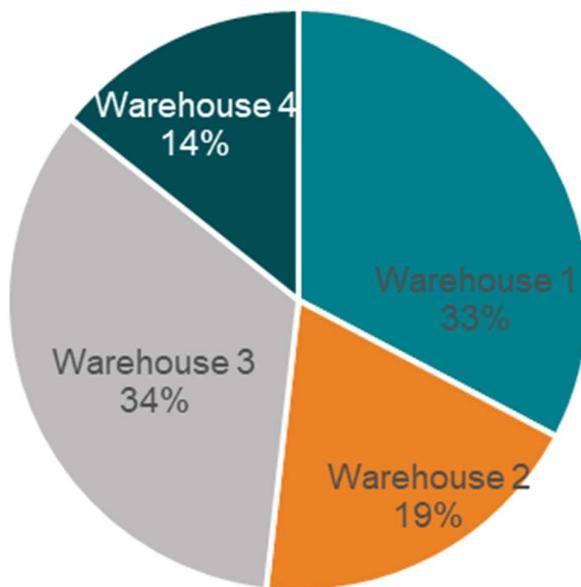
Tenant by SQM

Tenancy Area (SQM)



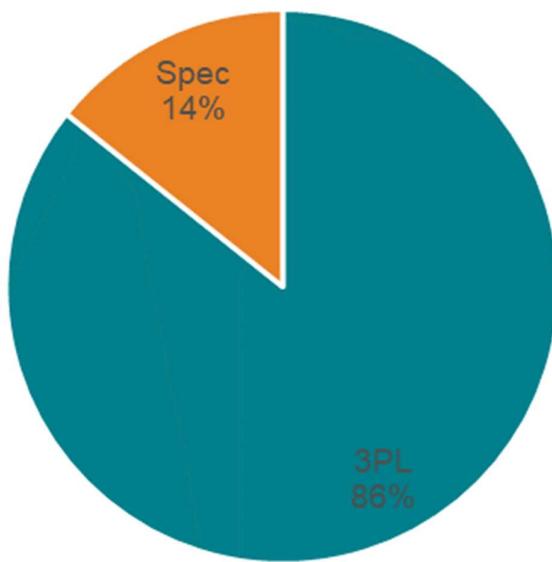
Tenant by Gross Income

Tenancy Area
Gross Income (THB)



Tenancy by Sector

Sector / Build Type (SQM)



Tenant Expiry Profile

Lease Expiry by Area (SQM)



Master Plan:

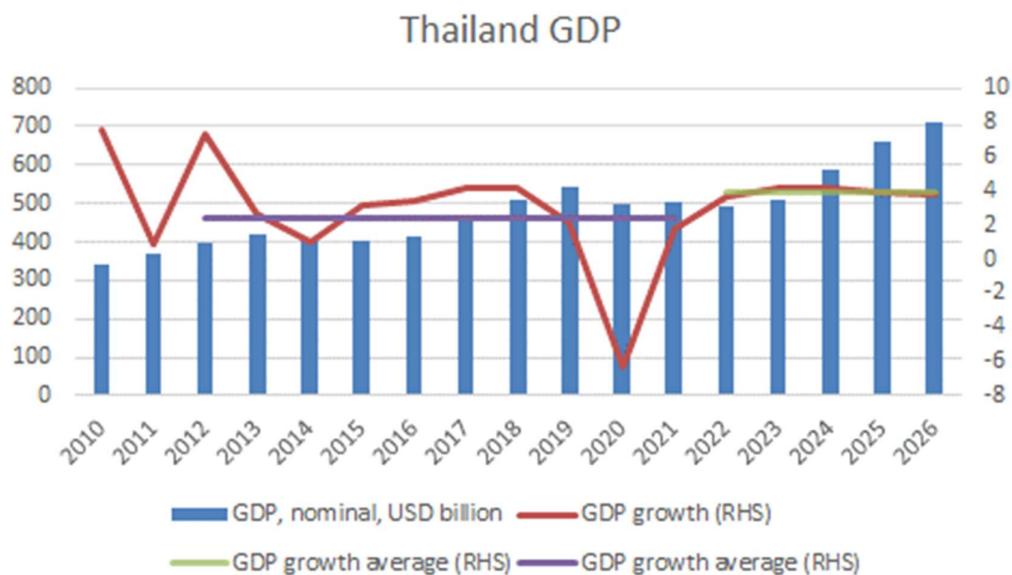
The site has had a preliminary master plan undertaken which will form part of the competitive tender process with the contractors. The master planned will be refined during the competitive tender stage.



1.9 Supporting Evidence

1.9.1 National Markets

GDP

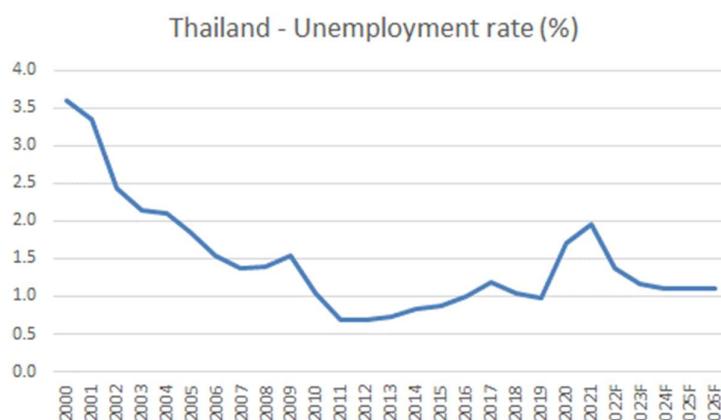


Source: Oxford Economics (as at 4 October 2022)

Thailand's GDP, in nominal terms, is expected to grow USD 506 billion in 2021, to USD 710 billion by 2026. This is a 40% increase in the economic size of the country, on the back of a resilient showing during the pandemic and riding on the regional recovery of the ASEAN markets.

Oxford Economics expects the Thailand economy to grow by at 3.6% in 2022, rising further in the next few years. Reopening tailwinds, including an easing in regional international travel restrictions, will support domestic demand and a solid recovery in service-sector activity. Indeed, tourism will support overall employment and household spending over the next two years. Average GDP growth in the next five years is forecast to come in at more than 1.5% higher than the average of the last decade.

Unemployment

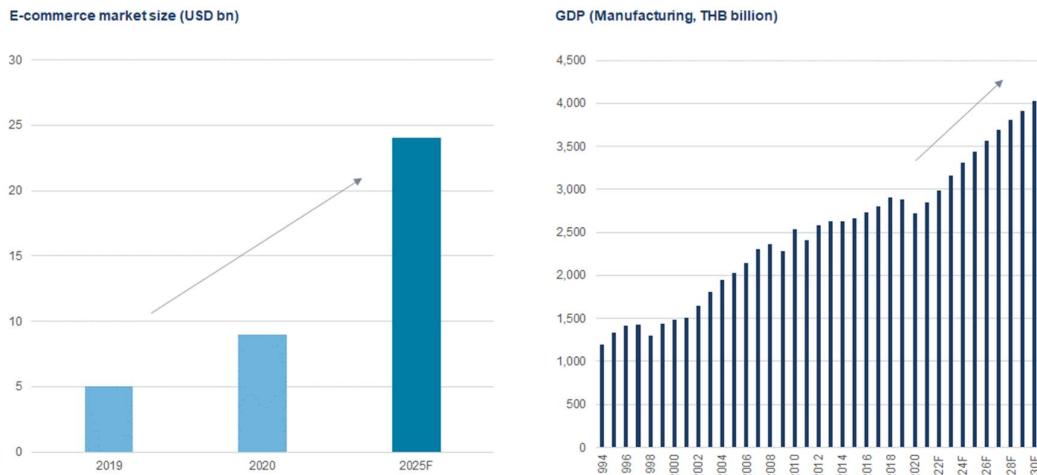


Source: Oxford Economics (as at 10 October 2022)

Thailand's unemployment rate has fallen steadily since reaching 2.9% in 1999. Thailand's unemployment rate dropped to 1.37 percent in the second quarter of 2022 from 1.53% in the previous quarter. Oxford Economics expects that this will tighten to 1.2% by 2023, and stay at that level in the medium term.

Thailand's unemployment increased during Covid primarily due to a decrease in tourism with the country essentially closing its borders to international travellers. The situation has since reversed. We expect the strong job market to continue to support consumption, and this will spill over to greater demand for fast moving consumer goods which take up a fair share of online spending and thus 3PL demand for storage space. In addition, regional improvement in the labour market will support the demand for goods of which Thailand is a major producer of, including automotives.

Twin drivers of logistics demand



Source: Oxford Economics, Statista, Tech In Asia (Dec 2021)

The demand for modern logistics in Thailand is diversified. E-commerce, 3PL and distribution drive a significant share of logistics demand. E-commerce market value is expected to more than double in the next 5 years, which is clearly supportive of logistics demand in Thailand.

That said, modern logistics in Thailand is not a pure e-commerce story. Thailand is a manufacturing powerhouse in the Asia region. Manufacturing makes up more than 28% of its GDP, and it no longer low cost production. The Thailand government has also earmarked USD 45 billion to upgrade the kingdom's industrial capability and move Thailand towards high end manufacturing. To that end, there will be continued demand for high quality industrial assets in Thailand.

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
2017	Logistics Center 6	Eastern Seaboard	35,430	16,994	7.0%	Undisclosed REIT
2017	Logistics Center 5	Eastern Seaboard	69,404	17,714	8.8%	Undisclosed REIT
2017	Logistics Center 4	Eastern Seaboard	42,310	27,511	5.2%	Undisclosed REIT
2017	Logistics Center 3	Eastern Seaboard	38,565	27,927	5.4%	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

Thailand

Thailand currently is not known to be a transparent market when it comes to the availability data on logistics leasing and sale transactions.

This is further exaggerated by the fact that the logistics real estate market is dominated by two players, WHA & Frasers who have little incentive to publicly share their transactions. Additionally, they would normally only sell to their own REITS or established funds so there is little or no competitive tension (or transparency) on transactions.

By having groups like Savills IM come into the market, this will bring a multitude of benefits. An increase in quality of assets offered, data transparency, and tradable stock, to name but a few.

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
Developer 1	155	0	169.48	12 months
Developer 2	155	0	155.00	12 months
Developer 3	148	0	166.66	10 months
Developer 4	145	0	159.48	12 months
SIM (option 1)	165	15	164.23	0 months
SIM (option 2)	162	17	158.54	12 months

1.2 Operating costs

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

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

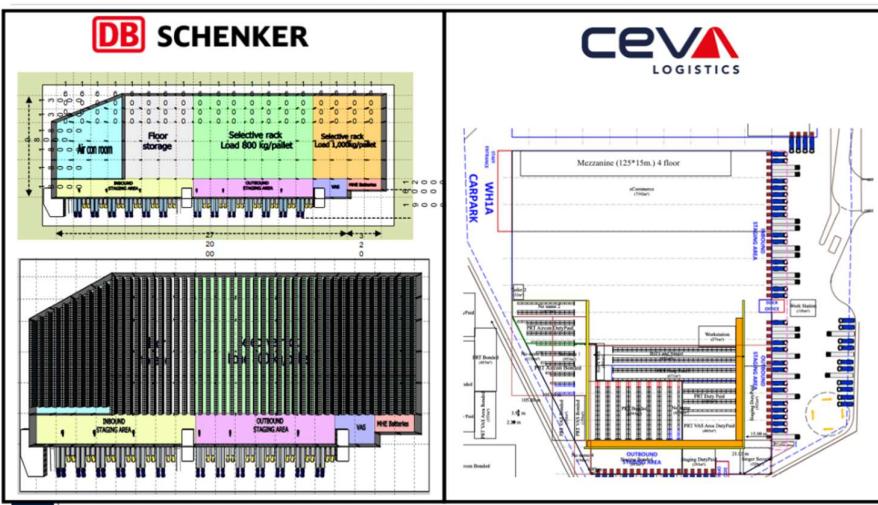
RISK CATEGORY	IDENTIFIED RISK	EXPLANATION
Market Risk	Currency Risk	<p>To be discussed in more detail and confirmed before the next stage of IC.</p> <p>[Steven any analysis that could help?]</p>
Market Risk	Debt Finance Risk	<p>To be discussed in more detail and confirmed before the next stage of IC.</p> <p>We have various loan options available to us:</p> <ol style="list-style-type: none"> 1. OCBC term sheet received in July 2022 (currently undergoing a refresh) 2. UOB term sheet 3. Alpha led loan (using a consortium of key lenders in Thailand) <p>Therefore, the risk of not being able to receive any loan is low.</p>
Market Risk	Interest Rate Risk	<p>To be discussed in more detail and confirmed before the next stage of IC. Fixed rate loan is being discussed as the base case, therefore the interest rate risk is mitigated.</p>
Sustainability Risk	Environmental Risk	<p>To be explored through DD. None presently known. See reference to soil in risks and mitigants.</p>
Real Estate Investment Risk	Real Estate Market Prices	<p>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.</p>

1.11 Tenant Credit Risk

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

Customers Undertaking Operational Layouts



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 2.1 for a full list of deal risks and mitigants.

1.14 Client investment restrictions

Guideline and/or restriction	Transaction within guideline and/or restriction: Yes / No	Comments
Sub-Fund A (Conventional)		
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 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
Sub-Fund B (Shari'a)		
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:	N/A	Sub Fund B not established.
<ul style="list-style-type: none"> • Manufacturer or distribution of alcohol; • Manufacturer or distribution of pork-related products; • Gambling (including casinos); • Entertainment including movie theatres; • Pornography' • Non-defence related arms and weapons; • Tobacco; • Non-Islamic financial services; and • biotechnology companies involved in human/animal genetic engineering 		

Guideline and/or restriction	Transaction within guideline and/or restriction: Yes / No	Comments
Financial restrictions - Conventional 3 rd 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 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 those listed below ahead of you going for IC with APACIG.

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

No financial crime red flags have been identified but please keep us updated so that we can conduct the required level of CDD at the appropriate time.

Note, enhanced KYC/AML has successfully been completed on Ben Taechaubol.

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>	N/A
Have any Savills plc group entities been appointed in respect of this transaction?	<i>None identified</i>	N/A
Does any of the transaction team have any personal interest in the transaction?	<i>None identified</i>	N/A
Will Savills IM receive any additional fees / commissions for appointing a third-party when undertaking due diligence on this transaction?	<i>None identified</i>	N/A
Will Savills IM receive any additional fees / commissions by a third party for acquiring this particular asset for the client?	<i>None identified</i>	N/A
What considerations have been taken into account in asset allocation	<i>None identified</i>	N/A
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 Best Execution

Questions	Explanation
<p>Please provide an overview of how this transaction results in the best outcome for the client, considering the following (to the extent applicable):</p> <ul style="list-style-type: none">- Asset valuation and price- Capex- External appointments- Hedging- Market context- Structuring- Client objectives- Other	<p>The asset provides exposure to logistics with top 10 3PL providers fits well as the potential next investment for APACIG due to the strong return profile secured by head leases to international logistics operators, and will be the funds first investment in a logistics asset, and also the funds first investment in a geographic region outside that of Australia & Japan. Therefore, this is allowing for further geographical diversification. The asset provides both sector and country diversification for APACIG. Strong covenants are secured by head leases to international logistics operators.</p> <p>The asset's WALE will be ~8.75years at completion and will see strong liquidity for an exit.</p> <p>There is substantive institutional interest in the general precinct with ESR also taking an interest in surrounding sites/developments/new builds.</p>

1.18 Deal Allocation

- Potentially 6th investment for APACIG following the recent close of residential in Japan, non-discretionary retail in Perth and office in Tokyo.
- No conflicting mandates.

Structure

1.19 Asset Plan and Exit Strategy

Asset Plan:

- Focus on pre leasing the asset prior to PC at 100% occupancy
- Ensure tenant fitouts are complete to the highest standard
- Safe site and practices

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 likely to be to AIA (at pre-determined cap rate of 6.1%) 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.

1.20 Equity funding

Sources and Uses for the Transaction:

Sources and Uses Table (THB)		
Sources	Uses	
Equity	1,058.2m Land (Incl. Stamp)	531.8m
Alpha	529.1m Pre Construction Costs	7.5m
APACIG	529.1m Total Construction Costs	1,484.8m
Debt	1,097.9m Project Management Fees	55.5m
	Thai Company Costs	11.5m
	Loan Costs	70.7m
Total	2,156.2m	2,161.9m

Comments

Due diligence, lega/structuring, consulting, first 3 months of project (SL)
Base Construction, Bulk Earth works, 5% contingencies, 7% VAT, month 4-18
Applied on capex (total construction costs, ex VAT)

Interest, commitment, upfront fee
Difference of USD 150k between sources and uses

Debt funding:

Bank loan will be taken by the new, to be established, Thai Operating holding the property. Discussions are ongoing with various regional & domestic lenders. The current term sheet from OCBC for the loan is expected to be 36 months in total to finance 55% of the Total Project Costs. The loan will commence once construction has commenced (3 months post land acquisition), therefore the land must be purchased with all equity. Costs which are not included in the loan are the loan towards financing costs itself (i.e interest must be funded via equity). There are two 1-year extension options subject to further compliance from OCBC (also subject to 0.15% flat for each 1-year extension on the principal). Debt would need to be in place in time for land acquisition.

The interest rate is a fixed rate of 5.20% per annum for 3 years. With a 0.50% commitment fee on undrawn commitment and a 0.45% facility fee. Note these terms were provided in July 2022, and we are actively working to get these refreshed. We are assuming that these terms will now be higher.

Alpha, being a subsidiary of Origin Property can get favourable banking terms. Usual banks are UOB, Kasikorn & CIMB. They have indicated a LTC of 70% and all in finance cost of 4.5% - term sheets will be coming over the coming weeks. We do not have the loan terms yet from Alpha, as such the underwriting is currently based off the OCBC indicative term sheet received in July 2022 with an additional 80bps buffer in the fixed rate (i.e. from 5.2% to 6.0%).

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.

Given that APACIG is structured with Shari'a compliant Feeder Fund (currently not established), the Fund and its investments will need to make reasonable endeavours for the investments to comply with the approved FATWA, including a 33% limit cap on conventional third party debt and where possible to use Shari'a debt if it is not materially more expensive than conventional third party debt (refer to section 3.1 Investment Restrictions for details).

Variables for sensitivity analysis are normally expected to include:

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

	LTC ↓	Shift in Base Case ↓		Base Rate
Fixed Rate →		6.25%	6.50%	7.00%
Shift in Base Case →		0.25%	0.50%	1.00%
LTC	62.20%	5.00%	31.5% 1.34x	31.2% 1.33x
	59.70%	2.50%	31.0% 1.33x	30.7% 1.32x
	57.20%	0.00%	30.5% 1.32x	30.2% 1.31x
	54.70%	-2.50%	29.9% 1.31x	29.7% 1.30x
	52.20%	-5.00%	29.4% 1.30x	29.2% 1.29x
				28.7% 1.29x

1.21 Legal Structure, Tax and Regulatory

1.21.1 What is the arrangement between APACIG, Alpha and the contractors?

- Alpha acting as developer
- APACIG to sign DMA with Alpha
- Alpha (the Developer) to enter into construction contracts and consultants
- Savills IM Thailand to be engaged by Alpha as a consultant
- Contingency of 5% baked into the underwrite – developer and the consultant manage these – fixed price contract for main con
- Any leftover will be kept by Alpha
- Any costs above contingency (outside of out of scope by customers) would be borne by Alpha or rentalised/incentive

Legal and tax structuring will be confirmed with PwC and Mahanakorn during due diligence.

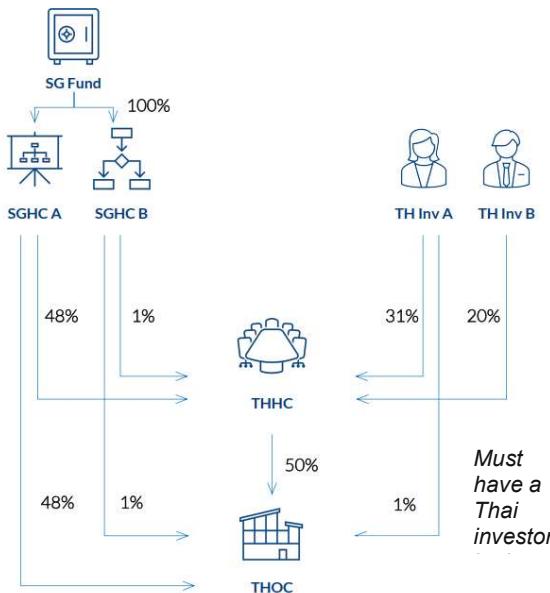
1.21.2 Legal Structure:

Thailand's business law generally limits foreign business ownership of a Thai holding company to a maximum of 49%. At least 51% must be owned by a Thai investor.

Based on our initial legal discussions, we have identified a two-tier structure comprising which would give APACIG 99.29% ownership of the Thai property company (of their 50% share), via a two tier holding structure. Entitlement to economic returns can exceed this level by varying the rights attaching to shares and the use of shareholder loans.

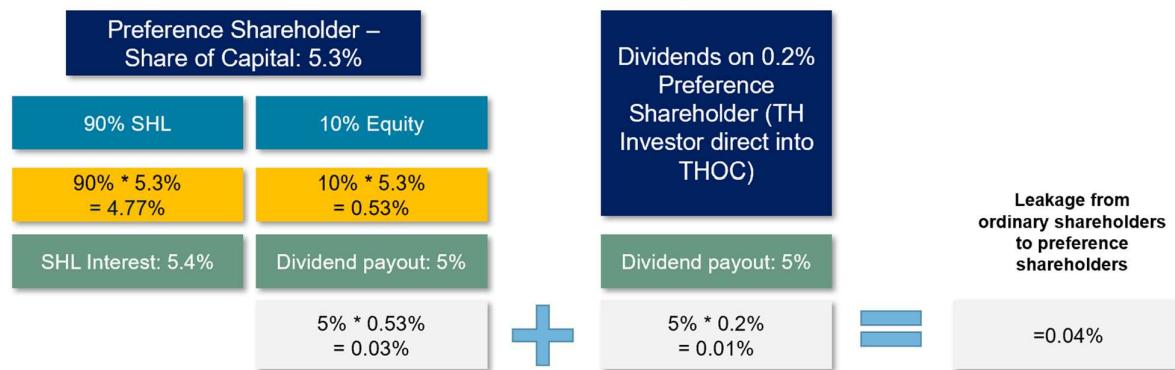
We plan on engaging Ben Taechaubol for APACIG's Thai National – he has already passed enhanced KYC.

We plan on full engagement in due course following this approval with Morrison & Foerster (Jason Nelms, Partner) and Mahanakorn Partners Group (Luca Bernardinetti, Managing Partner)



1.21.3 What is the payout for our Thai Partner?

1. We received advice from PwC that the range of dividends an operating partner receives ranges from 3-15% with the most common dividend amount being 5%
2. This would mean the preference shareholders (whose ownership is 5.3%) would receive 27bps per annum on their share of capital ($5\% * 5.3\% = 0.27\%$)
3. However, we are able to structure another SHL at the THHC level at 9 to 1 (debt to equity), therefore of the preference shareholders, 10% of equity would be used and 90% debt would be used at a rate of 5.4%
4. This would reduce the preference shareholders equity down to $0.72\% (10\% * 5.3\%) + 0.2\% = 0.92\%$, and a 5% dividend on this gives us 4 basis points, equating to a leakage for ordinary shareholders to the amount of ~USD 6,000k per annum for the seed portfolio (assuming USD 15m equity requirement for Project Scale from APACIG)
5. The SHL Interest of 5.4% would flow back to ordinary shareholders as a part of their distribution's waterfall
6. Note this will all need to be reconfirmed post Stage 1 IC with external advisors



1.21.4 Acquisition

- Land Cost: Land transfer/registration fee is expected to be payable on the land. This is expected to be a total of THB 34 m with the buyer and seller (still to be negotiated) to pay 50/50 or THB 17 m each.
- Initial funding of Land: As mentioned earlier, debt will only come in post construction commencing, as such the land will need to be paid by equity in full. APACIG will not be funding for the land until certain CPs are to be met (approx. timing is once construction commences). As such APACIG will not be funding for the land initially, however, will equalise costs overtime as construction commences
- Tax: upon acquisition of the land, a 3.3% transfer fee is to be paid on the land cost
- Business Tax - 3.3%: levied on companies and individual owners who have held the property less than five years
- Transfer Fee - 2% charged by the Land Department and collected on the day of ownership transfer
- Withholding Tax - 1% varies slightly depending on ownership (individual or company)
- Stamp Duty - 0.5% not imposed when Business Tax is due

Some is based on sale price and other by appraised value. The final calculations are not known until transfer date with the title's office. Lawyers go before hand to finalize and have calculations agreed with the title office. It is customary practice to apply 6.6% and then the 3.3% each side and there is typically some amount left over once final transfers are complete. Therefore, there is some small buffer in the number.

1.21.5 Ownership

- Base case has assumed a sale to an offshore entity and a company sale
- Corporate Income Tax of 20%
- WHT on Dividends Paid (to Ben and any other Thai National): 10%
- VAT: 7%
- By using shareholder loans and effectively paying those down rather than distributing funds in the form of dividends, we are able to reduce WHT on Dividends

1.21.6 Disposal

The disposal on practical completion to AIA Thailand is expected to be of the Company and not the Asset. On completion of the sale the Local Op Co will be wound up and dissolved.

Tax: AIA is deemed to be an offshore buyer, as such the capital gains tax is 0.0% (versus 15% if selling to an onshore buyer).

SBT of 3.3%, we are assuming AIA cover this entire amount (commercial point)

Registration Fee: Since we are selling the structure, no registration fee to be paid (typically 2% if selling the Company)

Proposed choice of advisor

We are expecting to appoint PwC Thailand to advise on tax matters

1.21.7 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 sub trust may enter into interest rate swaps
Will any other type of transferrable security be used in structuring this transaction?	No
Anything further to add?	No

Investment Thesis

1.22 Transaction Costs

[FF and Tax to ensure we have the correct costs in here] The phase 1 DD spend can be limited to less than \$100K which would be shared 50/50 with the JV Partner. Both partners would have to agree to pay 50%. The offshore costs of \$240K are likely to 100% to the account of APACIG.

Abortive Costs & Timeline for CPs

Company		Currency	Output	Total (THB)	Total (USD)	Phase 1	Phase 2
Meinhardt	Onshore	THB	Thai Company Incorporation	200,000	6,060	X	
Meinhardt	Onshore	THB	Shareholders Agreement	125,000	3,787	X	
Meinhardt	Onshore	THB	Phase 1 Traffic Management	180,000	5,454	X	
Meinhardt	Onshore	THB	Land Due Diligence	1,250,000	37,878	X	
Meinhardt	Onshore	THB	Phase 2 Traffic Management	350,000	10,606	X	
Mahanakorn	Onshore	THB	Land Legal DD	150,000	4,545	X	
Mahanakorn	Onshore	THB	SPA	275,000	8,333	X	
Mahanakorn	Onshore	THB	Conveyancing	100,000	3,030	X	
				2,630,000	79,693		
Alter Domus	Offshore	USD	SG set up cost (3 entities)		22,500		X
PWC	Offshore	USD	Preliminary tax memo		9,368		X
PWC	Offshore	USD	Tax review on JV Model		3,210		X
PWC	Offshore	USD	Tax report		42,000		X
PWC	Offshore	USD	Review JV docs		25,750		X
PWC	Offshore	USD	Transfer Pricing		16,186		X
PWC	Offshore	USD	Tax registrations		2,943		X
Lawyer	Offshore	USD	JV Docs		120,000		X
					241,957		
Total USD					321,650		

2.1 Financial appraisal

2.1.1 Base Case Asset level appraisal

Hold period.	1. 1.5 years															
Annual Rental growth fixed	2.50%															
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. insurance, local property taxes).	See outgoings summary in section 1.1															
Exit yield.	6.10 % market cap															
IRR, initial distribution and average distribution (post tax & fees)	<table border="1"> <thead> <tr> <th>APACIG's Share</th> <th>USD</th> <th>EUR</th> </tr> </thead> <tbody> <tr> <td>Triple Net Levered IRR</td> <td>30.7%</td> <td>30.7%</td> </tr> <tr> <td>Equity</td> <td>529.1m</td> <td>14.3m</td> </tr> <tr> <td>Profit</td> <td>697.8m</td> <td>18.9m</td> </tr> <tr> <td>MOIC</td> <td>1.32x</td> <td>1.32x</td> </tr> </tbody> </table>	APACIG's Share	USD	EUR	Triple Net Levered IRR	30.7%	30.7%	Equity	529.1m	14.3m	Profit	697.8m	18.9m	MOIC	1.32x	1.32x
APACIG's Share	USD	EUR														
Triple Net Levered IRR	30.7%	30.7%														
Equity	529.1m	14.3m														
Profit	697.8m	18.9m														
MOIC	1.32x	1.32x														

Renewal Assumptions	Lease Term Years	Renewal Probability	Vacancies Months	Incentive Applied	
				%	
CEVA Logistics	10.0	75.0%	3.0		5.0%
CEVA Logistics	10.0	50.0%	3.0		5.0%
DB Schenker	10.0	75.0%	3.0		5.0%
Spec	5.0	50.0%	3.0		5.0%

Renewal Assumptions	Leasing Costs Renewal Fee Months	Review Frequency	Review Type
CEVA Logistics	1.5	Annual	2.5%
CEVA Logistics	1.5	Annual	2.5%
DB Schenker	1.5	Annual	2.5%
Spec	1.5	Annual	2.5%

1.22.1 Fund level cost appraisal (to run through)

Level and cost of debt (including debt set up)	Development Loan		
LTC	%	57.20%	
Interest rate	%	6.00%	
Commitment Fee	%	0.5%	
Upfront Fee	%	0.45%	
Prepayment Penalty Fee	%	1.00%	
Legal Fee	THB	THB 2.0m	
Stabilised Loan			
On/Off	%	Off	
LTV	%	65.00%	
Interest rate	%	6.00%	
Commitment Fee	%	0.00%	
Upfront Fee	%	0.00%	
Prepayment Penalty Fee	%	1.00%	
Shareholders Loan			
% of Equity	%	80.00%	
Interest rate	%	4.00%	
Thailand Tax Rate:			
Tax			
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%	
Whether capital allowances/depreciation will reduce tax payable.	Yes		
Fund management and administrative costs apportioned to the property.	Blended Fund Management Cost (% on NAV) 1.20%		
IRR, initial distribution and average distribution	Depository & Central Administration Agent (CAA) EUR 10,000 pa No distribution given development and sale after PC IRR: 30.7%		

1.22.2 Sensitivity Analysis

Sensitivity Analysis, IRR and MOIC Levered Post Tax, Pre Promote									
	Exit Cap Rate ↓	Shift in Base Case ↓	1.6	2.6	3.6	4.6	5.6	6.6	Hold Period
Exit Cap Rate	5.35%	-0.75%	62.2% 1.67x	33.7% 1.78x	25.6% 1.94x	21.6% 2.10x	19.3% 2.27x	17.7% 2.44x	
	5.60%	-0.50%	51.0% 1.54x	28.9% 1.66x	22.7% 1.81x	19.6% 1.97x	17.8% 2.13x	16.5% 2.30x	
	5.85%	-0.25%	40.6% 1.43x	24.4% 1.54x	19.9% 1.69x	17.6% 1.85x	16.3% 2.01x	15.4% 2.17x	
	6.10%	0.00%	30.7% 1.32x	20.0% 1.43x	17.2% 1.58x	15.8% 1.73x	14.9% 1.89x	14.3% 2.05x	
	6.35%	0.25%	21.4% 1.22x	15.8% 1.33x	14.6% 1.48x	13.9% 1.63x	13.5% 1.78x	13.2% 1.94x	
	6.60%	0.50%	12.6% 1.13x	11.7% 1.24x	12.0% 1.39x	12.1% 1.53x	12.2% 1.69x	12.1% 1.84x	
	Exit Cap Rate ↓	Shift in Base Case ↓	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	Rental Growth
Exit Cap Rate			-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%	
	5.35%	-0.75%	62.2% 1.67x						
	5.60%	-0.50%	51.0% 1.54x						
	5.85%	-0.25%	40.6% 1.43x						
	6.10%	0.00%	30.7% 1.32x						
	6.35%	0.25%	21.4% 1.22x						
LTC ↓ Shift in Base Case →	62.20%	5.00%	31.5% 1.34x	31.2% 1.33x	30.6% 1.33x				
	59.70%	2.50%	31.0% 1.33x	30.7% 1.32x	30.2% 1.32x				
	57.20%	0.00%	30.5% 1.32x	30.2% 1.31x	29.7% 1.31x				
	54.70%	-2.50%	29.9% 1.31x	29.7% 1.30x	29.2% 1.30x				
	52.20%	-5.00%	29.4% 1.30x	29.2% 1.29x	28.7% 1.29x				

1.22.3 Scenario Analysis

Not applicable – only assuming exit at PC.

1.23 Valuation

Valuation to be taken upon PC

1.24 Portfolio Context

Guideline and/or restriction	Portfolio Dynamic with Acquisition
The Fund, at any time, not to invest more than 20% of GAV outside of Japan, Australia, Singapore and South Korea.	GAV of this project at completion will be ~38.5m EUR (50%). Which will be ~7% of the combined APACIG portfolio value.
The Fund, at any time, shall not invest more than 20% of its GAV in China, Malaysia, Thailand, Vietnam, Indonesia and New Zealand	As this is the fund's only Thailand investment the funds exposure to Thailand will be the same as above; ~7%.
No Single Asset shall exceed 20% of GAV	As above, this asset would make up 7% of the combined portfolio value.
The Fund, at any time (beyond investment period), shall not invest more than 50% of GAV in any one country	As this is the fund's only Thailand investment the funds exposure to Thailand will be the same as above; ~7%.
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)	None of the prospective tenants are current tenants in any of the funds existing assets, and are not of the scale to be greater than 15% on their own.
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	This deal is a forward commitment as allowed for in the fund's investment restrictions.

<i>Guideline and/or restriction</i>	<i>Portfolio Dynamic with Acquisition</i>
Permitted development investments shall not, at any time, exceed 15% of the Fund's GAV	As above, this asset would make up 7% of the combined portfolio value, and is the only permitted development investment in the fund at present.
The aggregate investment made by the Fund in Liquid Assets shall not exceed 49% of the GAV (German Regulated Entities only)	N/A
<p>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:</p> <ul style="list-style-type: none"> • Manufacturer or distribution of alcohol; • Manufacturer or distribution of pork-related products; • Gambling (including casinos); • Entertainment including movie theatres; • Pornography' • Non-defence related arms and weapons; • Tobacco; • Non-Islamic financial services; and • biotechnology companies involved in human/animal genetic engineering <p>Financial restrictions - Conventional 3rd party debt not to exceed 33% of the total market value of the Gross Asset Value of Sub-Fund B</p>	<p>DB Schenker – TBC CEVA Logistics W 1A – will partially be a distribution centre for alcohol</p> <p>Note as per the OM, there is a 5% tolerance in totality on gross revenue received. Given the sale at PC, this won't pose an issue.</p> <p>Current debt terms represent 0% of the GAV of Sub Fund B</p>

Conclusion and Timetable

- Estimated date of exchange is mid/end of December 2022
- Estimated completion date is Q1 2023.

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

Transaction Team:

Nicholas Kinsey
Anika Minocha

Appendices

Appendix I – Photographs
Site Plan & Tenanted Area



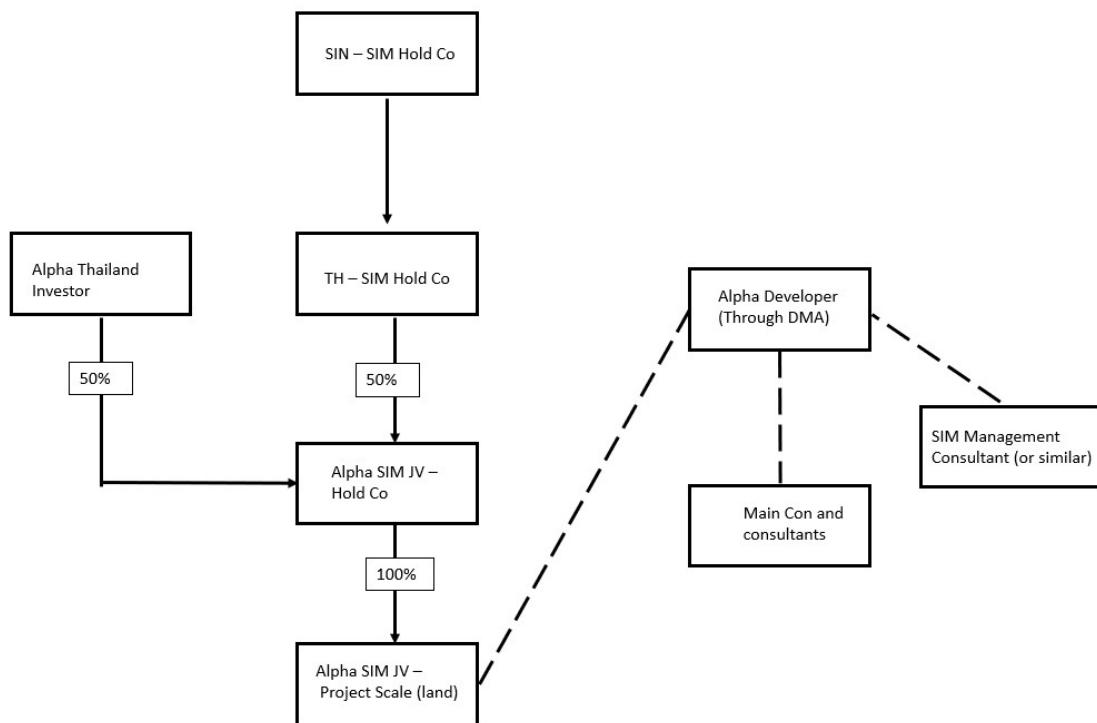
Appendix II – Cashflows (Asset Level for both Alpha & APACIG)

Annual Free Cashflows - Fund Level					
Currency	THB	1	2022	2023	2024
Year	TOTAL				
Revenue					
Gross Income	-	-	-	-	-
Operating Costs + Leasing Fees	(14.1m)	-	-	-	(14.1m)
NOI	(14.1m)	-	-	-	(14.1m)
Development Costs					
Pre-Construction	(7.5m)	(7.5m)	-	-	-
DM Fee	(55.5m)	(13.1m)	(42.4m)	-	-
Land Acquisition	(514.8m)	(514.8m)	-	-	-
Stamp Duty	(17.0m)	(17.0m)	-	-	-
Base Construction	(1,260.0m)	(252.0m)	(1,008.0m)	-	-
Bulk Earth Works	(61.6m)	(61.6m)	-	-	-
Hardcode Unexpected Costs	-	-	-	-	-
Contingencies	(66.1m)	(13.2m)	(52.9m)	-	-
Total Development Costs	(1,982.5m)	(879.2m)	(1,103.3m)	-	-
7% VAT Construction Costs	(97.1m)	(22.9m)	(74.3m)	-	-
Exit					
Exit Price	2,529.0m	-	-	-	2,529.0m
Exit Costs	(12.6m)	-	-	-	(12.6m)
Net Proceeds	2,516.3m	-	-	-	2,516.3m
Fund and Thai Co Costs					
Thai Co Set Up and Recurring Costs	(2.6m)	(1.5m)	(1.0m)	(0.1m)	-
Fund Set Up and Recurring Costs	(9.0m)	(6.3m)	(2.5m)	(0.2m)	-
Total Fund and Thai Co Costs	(11.5m)	(7.7m)	(3.5m)	(0.3m)	-
EBITDA	(16.6m)	(1.5m)	(1.0m)	(14.1m)	-

Depreciation & Amortisation	(5.8m)	-	-	(5.8m)
EBIT	(22.4m)	(1.5m)	(1.0m)	(19.9m)
FCF Unlevered	(909.8m)	(1,181.1m)	2,502.0m	
Monthly Cashflows Unlevered FCF	(909.8m)	(1,181.1m)	2,502.0m	
Development Loan				
Loan Drawn	1,097.9m	491.1m	606.8m	-
Interest Rate	(61.1m)	(6.4m)	(49.2m)	(5.5m)
Commitment Fee + Upfront Fee	(9.6m)	(8.0m)	(1.6m)	(0.0m)
Loan Repayment	(1,097.9m)	-	-	(1,097.9m)
Development Loan CF	(70.7m)	476.7m	556.0m	(1,103.4m)
Capitalised Costs	(2,181.0m)	(923.7m)	(1,251.8m)	(5.5m)
Accrued Capitalised Costs	(2,181.0m)	(923.7m)	(2,175.6m)	(2,181.0m)
Stabilised Loan				
Redbook Valuation	-	-	-	-
Stabilised Loan	-	-	-	-
Interest	-	-	-	-
Commitment Fee + Upfront Fee	-	-	-	-
Loan Repayment	-	-	-	-
Stabilised Loan CF	-	-	-	-
Levered FCF	(433.1m)	(625.1m)	1,398.6m	
Monthly FCF Levered	(433.1m)	(625.1m)	1,398.6m	
Equity Required	(1,058.2m)	(546.2m)	(512.0m)	(0.0m)
Shareholder Loans				
SHL Closing Balance	(2,614.9m)	(7,440.4m)	-	
SHL Interest	(246.7m)	(21.7m)	(222.1m)	(2.8m)
SHL Interest Paid Out	(31.2m)	-	-	(31.2m)
SHL Interest WHT	(3.1m)	-	-	(3.1m)

SHL CF	(3.1m)	-	-	(3.1m)
Fund Management Fees				
FM Fee	-	-	-	-
Tax				
EBIT	(22.4m)	(1.5m)	(1.0m)	(19.9m)
Total Interest (Loan + SHL)	(8.3m)	-	-	(8.3m)
Taxable Income (pre losses)		(1.5m)	(1.0m)	(28.2m)
<i>Tax Loss Carry Forward</i>				
Opening Balance	-	(1.5m)	(2.5m)	
Accrued		(1.5m)	(1.0m)	(28.2m)
Used	-	-	-	-
Closing Balance	(1.5m)	(2.5m)	(30.7m)	
Taxable Income (post losses)	-	-	-	-
Corporate Income Tax	-	-	-	-
Exit Price Minus Capitalised Costs, Add Back Depreciation	353.7m	-	-	353.7m
CGT	-	-	-	-
Specific Business Tax + Registration Tax	-	-	-	-
Distributable Profit	337.3m	(433.1m)	(625.1m)	1,395.4m

Appendix III – Structure diagram



Appendix IV - FX – EUR:THB Historical rate



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, Chachoengsao 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,

A handwritten signature in blue ink, appearing to read "Subyagorn S." followed by a period.

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 30th, 2022

ATTN: Nicholas Kinsey
Head of Industrial & Logistics - Asia Pacific
Savills Investment Management Ltd.
26th Floor Abdulrahim Place, 990 Rama IV Road,
Silom, 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 black ink, appearing to read "Tysen J. Kamin".

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



CBRE (Thailand) Co., Ltd.

46th 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

By E-Mail

30th 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
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Mr. Subyagorn Sansugtaweesub
Head of Logistics & Industrial Business
Jones Lang LaSalle Thailand



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Adam Bell

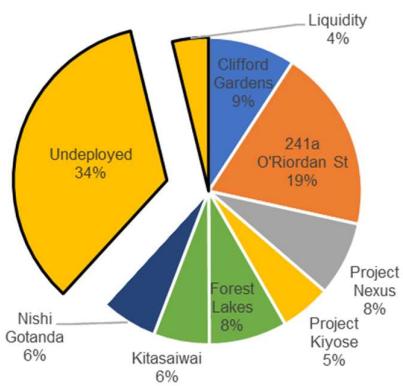
Adam Bell
Director
Industrial & Logistics

Appendix VI – Fund Composition

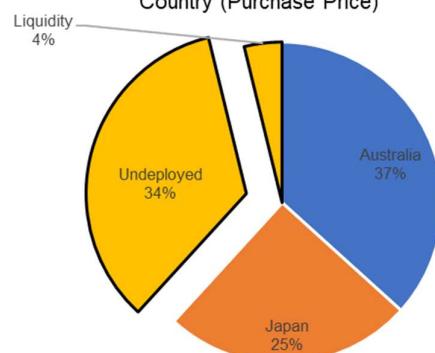
Existing portfolio (including Forest Lakes at 75%) plus Nishi Gotanda & Yokohama-Kitasaiwaicho

Country	Transaction	Sector	Status	Source	Exch/Settle	Equity (EUR)	Purchase Price (EUR)	Dist. Net	IRR Net	LTV
Australia	Clifford Gardens	Convenience Retail	Current AUM	Off	29-Jun-21	EUR 27.3	EUR 46.1	7.5%	11.2%	50.0%
Australia	241a O'Riordan St	Office	Current AUM	On	9-Jul-21	EUR 45.5	EUR 96.5	5.1%	9.2%	59.0%
Japan	Project Kiyose	Residential	Current AUM	Off	24-Jun-22	EUR 12.5	EUR 26.8	4.4%	9.6%	60.0%
Japan	Project Nexus	Residential	Current AUM	Off	30-Jun-22	EUR 16.1	EUR 39.4	6.2%	9.9%	60.0%
Australia	Forest Lakes	Convenience Retail	Exchanged	Off	30-Sep-22	EUR 23.4	EUR 41.3	5.2%	9.2%	50.0%
Japan	Yokohama-Kitasaiwai	Office	In excl. DD	Off	31-Oct-22	EUR 11.9	EUR 29.5	2.3%	13.8%	60.0%
Japan	Nishi Gotanda	Office	In excl. DD	Off	31-Jan-23	EUR 12.5	EUR 30.0	2.3%	13.8%	60.0%
Portfolio						EUR 149.2	EUR 309.7	5.3%	10.4%	56.3%
						Undeployed	EUR 86.1	EUR 172.2		
						Liquidity	EUR 19.1	EUR 19.1		
						Total	EUR 254.5	EUR 501.0		

Current Portfolio (Purchase Price)



Current Portfolio by Country (Purchase Price)

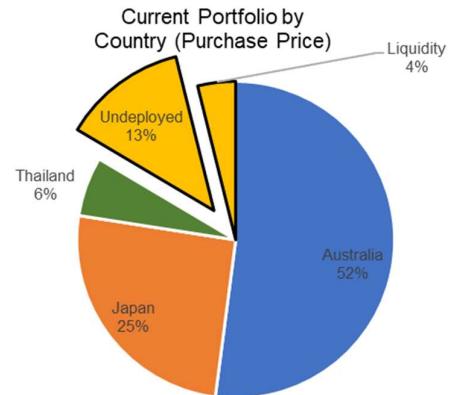
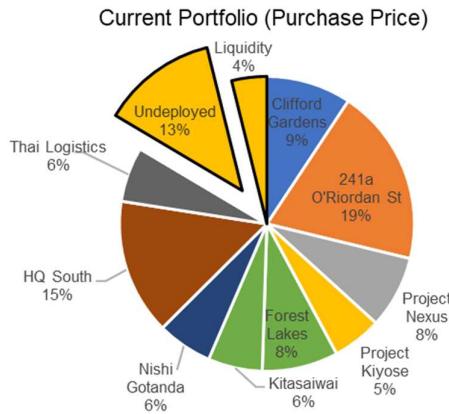


Existing portfolio (including Forest Lakes at 75%), Nishi Gotanda & Yokohama-Kitasaiwai plus HQ South (100%) & Thailand (50%)

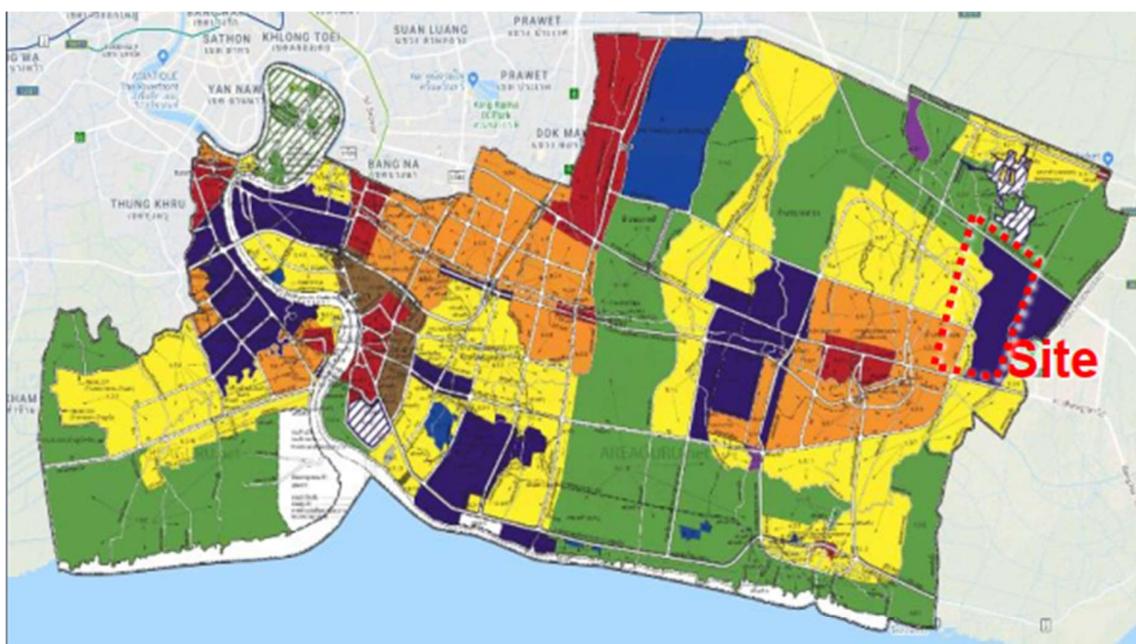
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Japan	Project Nexus	Residential	Current AUM	Off	30-Jun-22	EUR 16.1	EUR 39.4	6.2%	9.9%	60.0%
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Japan	Nishi Gotanda	Office	In excl. DD	Off	31-Jan-23	EUR 12.5	EUR 30.0	2.3%	15.5%	60.0%
Australia	HQ South	Office	Under HOA	On/Off	15-Dec-22	EUR 39.9	EUR 73.9	4.2%	9.2%	52.5%
Thailand	Thai Logistics	Industrial/Logistics	In excl. DD	Off	31-Oct-22	EUR 15.0	EUR 30.0	5.8%	13.8%	50.0%
Portfolio						EUR 204.1	EUR 413.7	5.1%	10.4%	55.1%
						Undeployed¹	EUR 31.3	EUR 62.6²		
						Liquidity	EUR 19.1	EUR 19.1		
						Total	EUR 254.5	EUR 514.3²		

1. Undeployed capital includes allowance of 7.5% of committed equity for liquidity

2. Undeployed equity assumed to be geared at 50% (to allow for acquisitions costs).



Samut Prakarn Zoning



Samut Prakarn City Plan

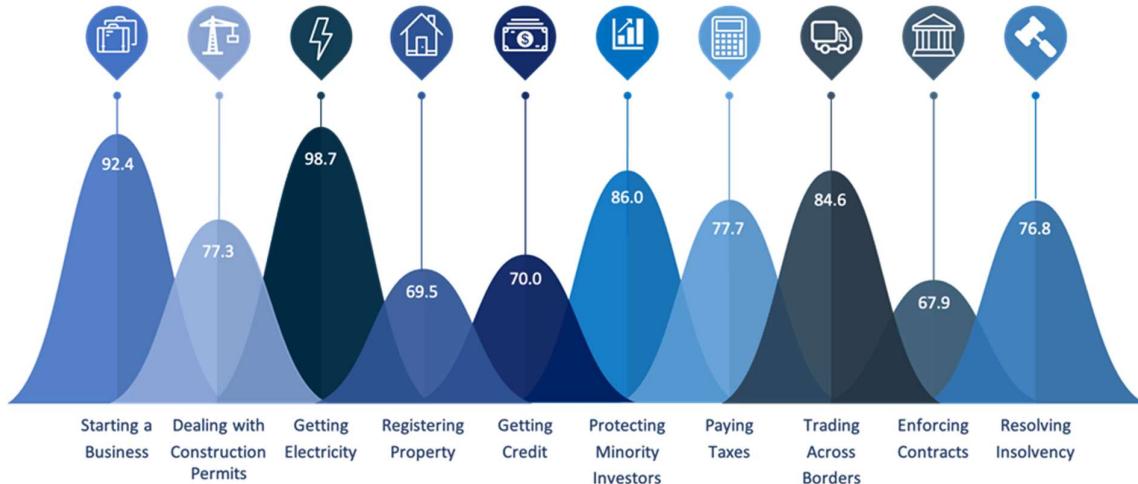
Yellow Zone (Low-Density Residential Zone)	Green Zone (Rural & Agriculture Zone)
Orange Zone (Medium-Density Residential Zone)	Green Line Zone (Rural & Agriculture Conservation Zone)
Brown Zone (High-Density Residential Zone)	Zone)
Red Zone (Commercial Zone)	Dark Green Zone (Education Institutes)
Purple Zone (Industrial Zone)	Grey Zone (Religious)
Light Purple Zone (Warehouse Zone)	Blue Zone (Government Institutes, Public Utilities and Amenities Zone)

Ease of Doing Business in Thailand (World Bank Group 'Doing Business 2020' Report)

As discussed earlier today, in 2020 MPG co-organized a conference together with the World Bank Group entitled [Ease of Doing Business in Thailand](#). The findings we presented were that Thailand was ranked 21st out of a total of 190 countries in ease of doing business according to the authoritative Doing Business 2020, a World Bank Group flagship publication. This annual study measures regulations that enhance business activity and those that constrain it, based on aggregate scores relating to the following twelve indicators:



Doing Business Topic Scores



Specifically, in 2020 Thailand ranked **3rd in the World** out of 190 countries in Protecting Minority Investors. Please, see below a case study we presented at our conference with the World bank:



Protecting Minority Investors

Case study: Mr. James proposes that Buyer purchases Seller's unused fleet of trucks

The business (Buyer) is a publicly traded corporation listed on the SET, has a Board of Directors and a CEO who may legally act on behalf of Buyer, has a supervisory board on which Mr. James appointed 60% of the shareholder-elected members, has not adopted bylaws or articles of association that go beyond the minimum requirements.



Extent of disclosure

Disclosure, review, and approval requirements for related-party transactions

Extent of director liability

Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies

Ease of shareholder suits

Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses

Extent of conflict of interest regulation

Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices

Shareholder rights

Shareholders' rights and role in major corporate decisions

Ownership and control

Governance safeguards protecting shareholders from undue board control and entrenchment

Corporate transparency

Corporate transparency on ownership stakes, compensation, audits and financial prospects

Shareholder governance

Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices

Strength of minority investor protection

Sum of the extent of conflict of interest regulation and extent of shareholder governance indices



Dealing with Construction Permits

Case study: construction of a warehouse

A 100% domestically and privately owned limited liability company wants to build a two-story warehouse, which will be used for general storage activities. The warehouse will have complete architectural and technical plans prepared by a licensed architect. It will take 30 weeks to construct.



Procedures

- ✓ Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- ✓ Submitting all required notifications and receiving all necessary inspections
- ✓ Obtaining utility connections for water and sewerage
- ✓ Registering and selling the warehouse after its completion



Cost

- ✓ Official costs only, no bribes



Time

- ✓ Does not include time spent gathering information
- ✓ Each procedure starts on a separate day
- ✓ Procedure is considered completed once final document is received
- ✓ No prior contact with officials

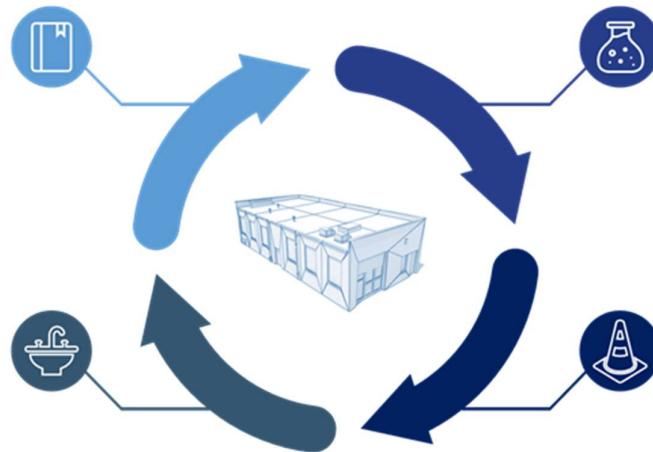


Quality

- Building quality control index (0-15)
- ✓ Quality of building regulations
 - ✓ Quality control before construction
 - ✓ Quality control during construction
 - ✓ Quality control after construction
 - ✓ Liability and insurance regimes
 - ✓ Professional certifications

Bangkok Metropolitan Authority

12. Request occupancy permit
13. Receive final inspection
14. Obtain occupancy permit



Private Firm

1. Obtain a Soil Test for the Foundation

Bangkok Metropolitan Authority

2. Request a building permit
3. Receive pre-approval inspection
4. Obtain a building permit
5. Notify the BMA on the commencement of construction works
6. Receive unscheduled inspection of foundation works
7. Receive unscheduled inspection of structural works

Metropolitan Waterworks Authority

8. Request water connection
9. Receive onsite inspection for water connection
10. Request and obtain sewage connection
11. Obtain water connection