

(Translation)

**Opinion of the Independent Financial Advisor  
Regarding Asset Acquisition and Connected Transactions**

**1. Purchase of land in the Pattaya Country Club & Resort Project in Chon Buri Province**

**2. Purchase of land in the Sena Grand Home Project  
on Bang Bua Thong - Bang Phun Road, Pathum Thani Province**

**of**



**Sena Development Public Company Limited**

Prepared by



**Advisory Plus Company Limited**

April 3, 2018

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of Sena Development Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

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## **Abbreviations**

The Company	Sena Development Public Company Limited
PCC	Pattaya Country Club Company Limited
Mrs. Nidda	Mrs. Nidda Juratsakcharoen
Sirinthip	Sirinthipkarnkaecha Company Limited
Golden Wattle	Golden Wattle Assets Company Limited
Business Contract	Business Contract between the Company and PCC dated April 25, 2013
Independent Financial Advisor or IFA	Advisory Plus Company Limited
SET	The Stock Exchange of Thailand
SEC	The Office of the Securities and Exchange Commission
Acquisition or Disposal Notifications	Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 and as amended
Connected Transaction Notifications	Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 and as amended

AP. 017/2561

April 3, 2018

Subject Opinion of the Independent Financial Advisor on asset acquisition and connected transactions of Sena Development Plc.

To The Audit Committee and Shareholders  
Sena Development Plc.

The Board of Directors' Meeting of Sena Development Plc. ("**the Company**" or "**SENA**") No. 3/2018 held on March 8, 2018 resolved to grant approval for the Company to enter into significant transactions as follows:

1. Approval for the Company to purchase land for real estate development, consisting of 111 plots with a total area of 45-3-18.40 rai or 18,318.40 square wah located in Bang Lamung District, Chon Buri Province, with the right of way to enter and exit the aforementioned land, from Pattaya Country Club Co., Ltd. ("**PCC**") at a total price of Baht 87,914,009.21, which is the value specified in the business contract between the Company and PCC dated April 25, 2013<sup>1</sup> ("**Business Contract**")

The said land purchase from PCC constitutes a connected transaction since Mr. Theerawat Thanyalakpark, who is the major shareholder and person with control authority in PCC, also is the director and major shareholder of the Company. Moreover, such land is part of the land specified in the Business Contract under which PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. The Company has accordingly considered purchasing the land at the sale and purchase price which is in line with the criteria set forth in the Business Contract.

2. Approval for the Company to purchase land for development of Sena Grand Home Project, consisting of two plots with a total area of 12-2-79.7 rai or 5,079.70 square wah located in Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province, at a total price of Baht 137,151,900, details of which are as follows:

2.1) Purchase of land under title deed no. 98455 with an area of 11-3-4.5 rai from Mrs. Nidda Juratsakcharoen ("**Mrs. Nidda**") at a price of Baht 127,021,500 in total or Baht 27,000 per square wah, which is not higher than the average appraised value by two independent valuers; and

2.2) Purchase of land under title deed no. 74195 with an area of 0-3-75.2 rai from Sirinthipkarnkaeha Co., Ltd. ("**Sirinthip**") at a price of Baht 10,130,400 in total or Baht 27,000 per square wah, which is not higher than the average appraised value by two independent valuers

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<sup>1</sup> See details of the Business Contract dated April 25, 2013 in Item 1.6 Memorandum of Agreements/Business Contract/Agreements relating to the transaction.

The said land purchase from Mrs. Nidda and Sirinthip constitutes a connected transaction since such land is part of the land specified in the Memorandum of Agreement (“MOA”) between the Company and Sirinthip dated April 3, 2006.<sup>2</sup> Sirinthip formerly was a related company of the Company because Tooncharoen Co., Ltd., which was Sirinthip’s former major shareholder, was a connected person of the Company through 51% shareholding by Mrs. Srianong Kiratiwaranon (mother of Miss Kesara Thanyalakpark) and 49% shareholding by Conwest Holding Ltd. (Miss Kesara Thanyalakpark holds shares through Conwest Fund). The MOA was made in order to limit the rights of Sirinthip to engage in the business of land development or house construction for sale and not to purchase any additional land or limit the rights to sell the land owned by Sirinthip, whereby Sirinthip must first offer to sell the land to the Company at a price not higher than the appraised price by an independent valuer approved by the SEC.<sup>3</sup> Moreover, Mrs. Nidda, who is Sirinthip’s shareholder (0.02%), has accepted a transfer of the land under title deed no. 98455 from Sirinthip as a consequence of the restructuring of land ownership of Sirinthip. Mrs. Nidda, the transferee, signed a Memorandum of Agreement with the Company on July 3, 2017 to assume the obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip.

Therefore, in entering into the transactions described in Clauses 1 and 2 above, the Company must comply with the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand (“SET”) Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions B.E. 2546 (as amended) (collectively called the “**Connected Transaction Notifications**”). The transaction size of the land purchase from PCC in Clause 1 and the land purchase from Mrs. Nidda and Sirinthip in Clause 2 is equal to 1.86% and 2.91% respectively of the net tangible assets of the Company and its subsidiaries. By aggregating with size of the connected transactions made during the past six months, the total size of the connected transactions will become 4.77% of the net tangible assets of the Company and its subsidiaries, which is higher than 3% of the net tangible assets of the Company and its subsidiaries calculated from the Company’s consolidated financial statements for the year ended December 31, 2017. Therefore, the Company is obligated to disclose information on the transactions to the SET and also to seek approval for entering into the connected transactions from the shareholders’ meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the shareholders with a conflict of interest.

Moreover, the aforementioned transactions are deemed as an acquisition of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (as amended) and the Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (as amended) (collectively called the “**Acquisition or Disposal Notifications**”). The highest transaction size of the land purchase from PCC in Clause 1 and the land purchase from Mrs. Nidda and Sirinthip in Clause 2 is equal to 0.82% and 1.28% respectively, calculated on the total value of consideration basis according to the consolidated financial statements of the Company for the year ended December 31, 2017. After aggregating with the asset acquisition transactions taking place during the past six months, the total size of the asset acquisition transactions is equal to 16.47%, which is deemed as a Class-2 transaction pursuant to the Acquisition or Disposal Notifications. However, the Company will

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<sup>2</sup> See details of the Memorandum of Agreement dated April 3, 2006 in Item 1.6 Memorandum of Agreements/Business Contract/Agreements relating to the transaction.

<sup>3</sup> The Company disclosed in the Prospectus for Initial Public Offering (IPO) the measures for elimination of a conflict of interest that may arise in the future in order to establish a framework for business operation of land-owning companies which may operate business in competition with the Company. Under such measures, the land owned by Sirinthip under the MOA must be first offered to the Company at a price not higher than the value appraised by an independent valuer, approved by the Office of the Securities and Exchange Commission (“SEC”), not earlier than six months before the land purchase by the Company.

enter into the transactions in Clauses 1 and 2 above as though they were deemed as a Class-1 transaction, in which case the Company is obligated to prepare a report and disclose information on the asset acquisition to the SET, to appoint an independent financial advisor to provide opinion to the shareholders, and to seek approval from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote.

In this respect, the Company has appointed Advisory Plus Co., Ltd. as the independent financial advisor ("IFA") to render opinion to the Company's shareholders regarding (1) reasonableness and benefits of the transactions to the listed company, (2) fairness of price and conditions for the transactions, and (3) recommendation as to whether the shareholders should vote for or against the transactions together with reasons thereof, as a basis for decision to enter into the said acquisition of assets and connected transactions.

In providing opinion herein, we have studied information and documents obtained from the Company, including publicly available information such as resolutions of the Board of Directors' meeting of the Company, the Information Memorandum relating to the transactions, annual registration statement (Form 56-1), the auditor's report, financial statements, financial projection and relevant assumptions, property appraisal reports, draft agreements relating to the transactions, other documents received from the Company, and information obtained from interviews with the management of the Company, as well as assessment of relevant industry situations and economic factors, as a basis for the analysis and rendering of opinion on this transactions.

The opinion expressed herein is based on the assumption that all information and documents available from the Company and information derived from the interviews with the management of the Company are true, correct and complete without any change or amendment thereto after receipt of such information by the IFA. We may neither certify nor guarantee the correctness and completeness of the information obtained from the Company. Our rendering of opinion is, moreover, based on the economic environment and the information prevailing at the time of conducting this study only. As such, if there is any significant change in these factors, it will likely have a material impact on the Company, the entry into the transactions contemplated herein, and the shareholders' voting decision. Therefore, in providing opinion herein, we may not affirm as to whether there will be any potential material impact on the Company in the future. Our opinion can be summed up as follows:

## Executive Summary

The Board of Directors' Meeting of the Company No. 3/2018 held on March 8, 2018 resolved to grant approval for the Company to enter into significant transactions as follows:

1. Purchase of land from PCC for real estate development, consisting of 111 plots with a total area of 45-3-18.40 rai or 18,318.40 square wah located in Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province, with the right of way to enter and exit the aforementioned land at a total price of Baht 87,914,009.21.

2. Purchase of land from Mrs. Nidda and Sirinthip for development of Sena Grand Home Project, consisting of two plots with a total area of 12-2-79.7 rai or 5,079.70 square wah located in Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province, at a total price of Baht 137,151,900, details of which are as follows:

2.1) Purchase of land under title deed no. 98455 with an area of 11-3-4.5 rai from Mrs. Nidda at a price of Baht 127,021,500 in total or Baht 27,000 per square wah, which is not higher than the average appraised value by two independent valuers; and

2.2) Purchase of land under title deed no. 74195 with an area of 0-3-75.2 rai from Sirinthip at a price of Baht 10,130,400 in total or Baht 27,000 per square wah, which is not higher than the average appraised value by two independent valuers

The said land purchase from PCC constitutes a connected transaction since Mr. Theerawat Thanyalakpark, who is the major shareholder and person with control authority in PCC, also is the director and major shareholder of the Company. Moreover, such land is part of the land specified in the Business Contract under which PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. The Company has accordingly considered purchasing the land at the sale and purchase price which is in line with the criteria set forth in the Business Contract.

The land purchase from Mrs. Nidda and Sirinthip also constitutes a connected transaction since such land is part of the land specified in the Memorandum of Agreement ("MOA") between the Company and Sirinthip dated April 3, 2006. Sirinthip formerly was a related company of the Company because Tooncharoen Co., Ltd., which was Sirinthip's former major shareholder, was a connected person of the Company through 51% shareholding by Mrs. Srianong Kiratiwaranon (mother of Miss Kesara Thanyalakpark) and 49% shareholding by Conwest Holding Ltd. (Miss Kesara Thanyalakpark holds shares through Conwest Fund). The MOA was made in order to limit the rights of Sirinthip to engage in the business of land development or house construction for sale and not to purchase any additional land or limit the rights to sell the land owned by Sirinthip, whereby Sirinthip must first offer to sell the land to the Company at a price not higher than the appraised price by an independent valuer approved by the SEC. Moreover, Mrs. Nidda, who is Sirinthip's shareholder (0.02%), has accepted a transfer of the land under title deed no. 98455 from Sirinthip as a consequence of the restructuring of land ownership of Sirinthip. Mrs. Nidda, the transferee, signed a Memorandum of Agreement with the Company on July 3, 2017 to assume the obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip dated April 3, 2006.

The land purchase from PCC and the land purchase from Mrs. Nidda and Sirinthip have a transaction size equal to 1.86% and 2.91% respectively of the net tangible assets of the Company and its subsidiaries. By aggregating with size of the connected transactions made during the past six months, the total size of the connected transactions will become 4.77% of the net tangible assets of the Company and its subsidiaries, which is higher than 3% of the net tangible assets of the Company and its subsidiaries calculated from the Company's consolidated financial statements for the year ended December 31, 2017. Therefore, the Company is obligated to disclose information on the transactions



to the SET and also to seek approval for entering into the connected transactions from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the shareholders with a conflict of interest. (See details of the shareholders with a conflict of interest in Item 1.2 of this report.)

In addition, the above transactions are considered as an acquisition of assets in accordance with the Acquisition or Disposal Notifications. The highest transaction size of the land purchase from PCC and the land purchase from Mrs. Nidda and Sirinthip is equal to 0.82% and 1.28% respectively, calculated on the total value of consideration basis according to the consolidated financial statements of the Company for the year ended December 31, 2017. After aggregating with the asset acquisition transactions taking place during the past six months, the total size of the asset acquisition transactions is equal to 16.47%, which is deemed as a Class-2 transaction pursuant to the Acquisition or Disposal Notifications.

However, the Company will enter into the above transactions as though they were deemed as a Class-1 transaction, in which case the Company is obligated to prepare a report and disclose information on the asset acquisition to the SET, to appoint an independent financial advisor to provide opinion to the shareholders, and to seek approval from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote. (See details of the shareholders with a conflict of interest in Item 1.2 of this report.)

**The Company will enter into the acquisition of assets and connected transaction by purchasing land from PCC** because such land is part of the land specified in the Business Contract under which PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. Besides, PCC has no intention to develop any new project on such land or to operate any business in competition with the Company. The Company has accordingly considered purchasing the land for development into a horizontal property project in line with its 2018 business plan in a bid to expand its horizontal project portfolio as planned. The land is in a strategic location as it is in the Eastern Economic Corridor (EEC) zone which in the future will become a large employment area where more communities will be set up with a promising economic growth potential as promoted by the government sector. As such, growing residential demand is anticipated, hence a good opportunity for the Company to develop a project on such land. The Company plans to develop a single-level detached house project of 110 units each on a large land area of 146.60 - 286.90 square wah, complete with a club house to cater to its residents, for sale at an average price of Baht 5.0 million - Baht 8.5 million per unit.

The benefits to the Company from the land purchase from PCC are that the Company will have additional land available for continuous real estate development, the core business in which it has years-long expertise and experience. The acquired land is in a strategic location with a strong potential for urban expansion and housing demand growth. Therefore, this is a good opportunity for the Company to launch a project in that area and, as its first project in the upcountry, to boost Sena brand awareness. The sale and purchase price is much lower than market price, by about 40.45%, resulting in a low cost of land for such property development. The land has already been separated into small lots, with certain areas allocated for road or soi passing every land lot. The sale and purchase price of the land is calculated from only areas of the small plots, whereas the area of road or soi passing every lot will not be sold and purchased. The seller will register the easement for walkway, road and public utility systems for all those small lots. This is different from the purchase of a large land plot in general where buyer must buy the entire lot and divide the land for public area by itself afterwards. Moreover, entering into this transaction will enable the Company to increase its revenues, profit and return on investment in the future.



**As for the entering into the acquisition of assets and connected transaction by purchasing land from Mrs. Nidda and Sirinthip**, the land to be acquired by the Company is part of the land specified in the Memorandum of Agreement between the Company and Sirinthip dated April 3, 2006 and the Memorandum of Agreement between the Company and Mrs. Nidda dated July 3, 2017 (the objective of which is for Mrs. Nidda to assume the obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip dated April 3, 2006 as a consequence of the restructuring of land ownership of Sirinthip and the transfer of a parcel of land of Sirinthip to Mrs. Nidda) to limit the rights of Sirinthip and Mrs. Nidda to engage in the business of land development or house construction for sale and not to purchase any additional land or limit the rights to sell the land owned by Sirinthip or Mrs. Nidda. The Company envisages the potential for property development in the area where such land is located since it is the zone where the Company has successfully developed a horizontal housing project in the brand of Sena Grand Home. Besides, the Company previously planned to develop a housing estate project on a plot of land it earlier acquired, which is adjacent to the land to be purchased in this transaction. Therefore, the Company will take this opportunity to combine those land lots into a large piece of land for development of a large-scale project to serve the high-end market. This will match its 2018 business plan to broaden its customer base from the mid-end to low-end market to the upper-middle to high-end segment so as to diversify its business risk. The Company will develop Sena Grand Home Phase 5 Project under the Park Grand brand, offering about 88 units of single detached houses each with a land area of 60 - 100 square wah at an average price of Baht 5.0 million - Baht 8.5 million per unit.

The benefits from the land purchase from Mrs. Nidda and Sirinthip are that the Company will have additional land available for horizontal real estate development, the core business in which it has years-long expertise and experience. The land is close to a main road and is in a developed and growing residential and employment zone surrounded by educational institutes and other facilities. The Company can combine its existing land with the land to be acquired in this transaction, which are connecting, for development into a larger single project that can cater to customers who desire a house on a bigger land area. The Company can also benefit from economies of scale from such larger construction and sharing of common areas. It will pioneer, in Bang Phun area, the use of solar energy under the concept of SENA Solar House, which will increase the project's uniqueness and differentiate it from rivals' projects. Moreover, entering into this transaction will enable the Company to increase its revenues, profit and return on investment in the future.

Nonetheless, the entry into the two transactions described above will lead the Company to incur additional debts and interest expenses from loans borrowed to finance the land purchase and property development. The Company will also bear expenses in a greater amount than revenues earned during the initial period of investment. According to the accounting standards, while construction is still underway or ownership has not yet been transferred to customers, the Company cannot recognize revenues until the construction is completed as per the contract or the ownership and material benefits are transferred to its customers. In addition, the Company may face a risk from revenues, costs and expenses failing to meet projections, which could affect the rate of return on investment.

The purchase price of land from PCC, including 111 plots with a total area of 45-3-18.40 rai or 18,318.40 square wah, at a total value of Baht 87.91 million or approximately Baht 4,799.22 per square wah is lower than the average price appraised by the two independent valuers at Baht 8,320 per square wah and Baht 7,800 per square wah by 40.45%. The purchase price of land from Mrs. Nidda and Sirinthip, including two plots with a total area of 12-2-79.70 rai or 5,079.70 square wah, at a total value of Baht 137.15 million or approximately Baht 27,000 per square wah is equal to the average of the prices appraised by the two independent valuers at Baht 26,000 per square wah and Baht 28,000 per square wah. Therefore, the purchase prices for the two transactions **are considered reasonable**.

The IFA has determined the appropriateness of the investment in development of the land to be purchased from PCC into a horizontal property for sale under the Pattaya Country Club Home & Residence Project and the land to be purchased from Mrs. Nidda and Sirinthip into a horizontal

property for sale in the Sena Grand Home Phase 5 Project under the Park Grand brand. **The Pattaya Country Club Home & Residence Project** will provide a gross profit margin of 42.19% with project's net present value of Baht 129.52 million and internal rate of return (IRR) of 46.80% per year, which is higher than the project's weighted average cost of capital and also higher than the estimated loan interest rate of the projects of 6.48% p.a. and 5.0% p.a. respectively. **The Sena Grand Home Phase 5 Project** will provide a gross profit margin of 34.73% with project's net present value of Baht 114.48 million and IRR of 27.61% per year, which is higher than the project's weighted average cost of capital and also higher than the estimated loan interest rate of the projects of 6.86% p.a. and 5.0% p.a. respectively.

Moreover, we view that the overall conditions for the transactions are the conditions set forth based on the negotiations between the Company, as the purchaser, and PCC, Mrs. Nidda and Sirinthip, as the sellers, by paying attention to the appropriateness and the interest of the Company. All conditions are deemed reasonable and fair and will not cause the Company to lose any benefit.

Based on all above rationales, we view that the shareholders will benefit from the transactions, which are considered reasonable with fair price and conditions. Therefore, the shareholders are recommended to vote in favor of the entering into the asset acquisition and connected transactions.

In deciding whether to approve or not approve the transactions, the shareholders can consider the reasons and opinion provided herein by the IFA. However, the final decision depends primarily on the shareholders' individual judgment.

## 1. Nature and details of the transactions

### 1.1 Nature of the transactions

The Company intends to purchase and lease land for real estate development under two transactions as follows:

1. Purchase of land from PCC for development of Pattaya Country Club Home and Residence Project, consisting of 111 plots with a total area of 45-3-18.40 rai or 18,318.40 square wah located in Bang Lamung District, Chon Buri Province, with the right of way to enter and exit the aforementioned land, at a total price of Baht 87,914,009.21

The said land purchase from PCC constitutes a connected transaction since Mr. Theerawat Thanyalakpark, who is the major shareholder and person with control authority in PCC, also is the director and major shareholder of the Company. Moreover, such land is part of the land specified in the business contract between the Company and PCC dated April 25, 2013<sup>4</sup> (“**Business Contract**”) under which PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. The Company has accordingly considered purchasing the land at the sale and purchase price which is in line with the criteria set forth in the Business Contract.

2. Purchase of land from Mrs. Nadda and Sirinthip for development of Sena Grand Home Project, consisting of two plots with a total area of 12-2-79.7 rai or 5,079.70 square wah located in Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province, at a total price of Baht 137,151,900, details of which are as follows:

2.1) Purchase of land under title deed no. 98455 with an area of 11-3-4.5 rai from Mrs. Nidda at a price of Baht 127,021,500 in total or Baht 27,000 per square wah, which is not higher than the average appraised value by two independent valuers; and

2.2) Purchase of land under title deed no. 74195 with an area of 0-3-75.2 rai from Sirinthip at a price of Baht 10,130,400 in total or Baht 27,000 per square wah, which is not higher than the average appraised value by two independent valuers

The said land purchase from Mrs. Nidda and Sirinthip constitutes a connected transaction since such land is part of the land specified in the Memorandum of Agreement (“MOA”) between the Company and Sirinthip dated April 3, 2006.<sup>5</sup> Sirinthip formerly was a related company of the Company because Tooncharoen Co., Ltd., which was Sirinthip’s former major shareholder, was a connected person of the Company through 51% shareholding by Mrs. Srianong Kiratiwaranon (mother of Miss Kesara Thanyalakpark) and 49% shareholding by Conwest Holding Ltd. (Miss Kesara Thanyalakpark holds shares through Conwest Fund). The MOA was made in order to limit the rights of Sirinthip to engage in the business of land development or house construction for sale and not to purchase any additional land or limit the rights to sell the land owned by Sirinthip, whereby Sirinthip must first offer to sell the land to the Company at a price not higher than the appraised price by an independent valuer approved by the SEC. Moreover, Mrs. Nidda, who is Sirinthip’s shareholder (0.02%), has accepted a transfer of the land under title deed no. 98455 from Sirinthip as a consequence of the restructuring of land ownership of Sirinthip. Mrs. Nidda, the transferee, signed a Memorandum of

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<sup>4</sup> See details of the Business Contract dated April 25, 2013 in Item 1.6 Memorandum of Agreements/Business Contract/Agreements relating to the transaction.

<sup>5</sup> See details of the Memorandum of Agreement dated April 3, 2006 in Item 1.6 Memorandum of Agreements/Business Contract/Agreements relating to the transaction.

Agreement with the Company on July 3, 2017 to assume the obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip dated April 3, 2006.

## 1.2 Type and size of the transactions

### 1) Purchase of land from PCC of 45-3-18.40 rai located in Chon Buri Province at a total value of Baht 87,914,009.21

#### Size of the connected transaction

Basis of calculation	Details of calculation	
<u>Value of consideration paid to connected person</u> NTA <sup>1/</sup> of SENA and subsidiaries	=	<u>Baht 87.91 million</u> Baht 4,717.93 million
		1.86%

Note <sup>1/</sup> Net tangible assets = Total assets - Intangible assets - Liabilities - Non-controlling interests

#### Size of the acquisition of assets

Basis of calculation	Formula	Transaction size	
Total value of consideration	$\frac{\text{Value paid} * 100\%}{\text{Total assets of SENA}^{1/}}$	=	$\frac{87.91 * 100\%}{10,732.45}$ 0.82%

Note <sup>1/</sup> Total assets of the Company and its subsidiaries according to the consolidated financial statements for the year ended December 31, 2017, audited by the Company's auditor

### 2) Purchase of land from Mrs. Nidda and Sirinthip of 12-2-79.70 rai located in Sena Grand Home Project in Pathum Thani Province at a total value of Baht 137,151,900

#### Size of the connected transaction

Basis of calculation	Details of calculation	
<u>Value of consideration paid to connected person</u> NTA <sup>1/</sup> of SENA and subsidiaries	=	<u>Baht 137.15 million</u> Baht 4,717.93 million
		2.91%

Note <sup>1/</sup> Net tangible assets = Total assets - Intangible assets - Liabilities - Non-controlling interests

#### Size of the acquisition of assets

Basis of calculation	Formula	Transaction size	
Total value of consideration	$\frac{\text{Value paid} * 100\%}{\text{Total assets of SENA}^{1/}}$	=	$\frac{137.15 * 100\%}{10,732.45}$ 1.28%

Note <sup>1/</sup> Total assets of the Company and its subsidiaries according to the consolidated financial statements for the year ended December 31, 2017, audited by the Company's auditor

The above transactions constitute a connected transaction pursuant to the Connected Transaction Notifications. The land purchase from PCC and the land purchase from Mrs. Nidda and Sirinthip have a transaction size equal to 1.86% and 2.91% respectively of the net tangible assets of the Company and its subsidiaries. By aggregating with size of the connected transactions made during the past six months, the total size of the connected transactions will become 4.77% of the net tangible assets of the Company and its subsidiaries, which is higher than 3% of the net tangible assets of the Company and its subsidiaries calculated from the Company's consolidated financial statements for the year ended December 31, 2017. Therefore, the Company is obligated to disclose information on the transactions to the SET and also to seek approval for entering into the connected transactions from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote, excluding the shareholders with a conflict of interest.

The Company's shareholders who have a conflict of interest and are not entitled to cast vote on consideration and approval of the transaction are as follows:

1. Land purchase from PCC: The shareholders who have a conflict of interest and are not entitled to cast vote on this transaction are:

Name	No. of shares	Proportion	Nature of relationship
1. Mr. Theerawat Thanyalakpark	177,175,562	14.59%	Major shareholder of PCC
2. Miss Kesara Thanyalakpark	173,798,810	14.31%	Daughter of Mr. Theerawat Thanyalakpark, major shareholder of PCC
3. Miss Umaporn Thanyalakpark	139,307,033	11.47%	Daughter of Mr. Theerawat Thanyalakpark, major shareholder of PCC
4. Miss Sriwarat Thanyalakpark	111,530,186	9.18%	Daughter of Mr. Theerawat Thanyalakpark, major shareholder of PCC
5. Miss Benyalak Thanyalakpark	1	0.00%	Younger sister of Mr. Theerawat Thanyalakpark, major shareholder of PCC
6. Miss Natchaya Thanyalakpark	1	0.00%	Daughter of Mr. Theerawat Thanyalakpark's elder brother
7. Mr. Paramate Thanyalakpark	1	0.00%	Son of elder brother of Mr. Theerawat Thanyalakpark, major shareholder of PCC

2. Land purchase from Mrs. Nidda and Sirinthip: Neither Mrs. Nidda nor Sirinthip have any relationship with the Company or are the Company's connected persons as defined in the Connected Transaction Notifications. Therefore, at the 2018 Annual General Meeting of Shareholders to consider and approve the said transaction, there are not any shareholders who have a conflict of interest and/or are connected persons having no right to cast vote on this agenda item.

In addition, the above transactions are considered as an acquisition of assets in accordance with the Acquisition or Disposal Notifications. The highest transaction size of the land purchase from PCC and the land purchase from Mrs. Nidda and Sirinthip is equal to 0.82% and 1.28% respectively, calculated on the total value of consideration basis according to the consolidated financial statements of the Company for the year ended December 31, 2017. After aggregating with the asset acquisition transactions taking place during the past six months, the total size of the asset acquisition transactions is equal to 16.47%, which is deemed as a Class-2 transaction pursuant to the Acquisition or Disposal Notifications.

However, the Company will enter into the above transactions as though they were deemed as a Class-1 transaction, in which case the Company is obligated to prepare a report and disclose information on the asset acquisition to the SET, to appoint an independent financial advisor to provide opinion to the shareholders, and to seek approval from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and having the right to vote.

Since the transactions are deemed as a connected transaction, the consideration and approval of the transactions at the Board of Directors' Meeting of the Company No. 8/2018 held on March 8, 2018 rested with the directors who have no conflict of interest therein. The directors having a conflict of interest and not entitled to cast vote at such meeting on the land purchase from PCC are Mr. Theerawat Thanyalakpark, Miss Kesara Thanyalakpark, Miss Umaporn Thanyalakpark and Miss Benyalak Thanyalakpark. The directors who have a conflict of interest and/or are connected persons in such transaction did not attend the said meeting and had no right to cast vote on consideration and approval of the entering into the said transaction. For the land purchase from Mrs. Nidda and Sirinthip, neither Mrs. Nidda nor Sirinthip have any relationship with the Company or are the Company's connected persons as defined in the Connected Transaction Notifications. Therefore, at

such board meeting to consider and approve the said transaction, there were not any directors who have a conflict of interest and/or are connected persons.

### 1.3 Value of consideration and criteria for determining value of consideration

In entering into the connected transactions, the Company will pay consideration for the land purchase to PCC at a total price of Baht 87,914,009.21 and to Mrs. Nidda and Sirinthip at a total price of Baht 137,151,900, making up a total value of consideration of Baht 225,065,909.21. Payment for such consideration will be partly self-financed and partly covered by loans from financial institutions. Here are the details:

Type of assets	Seller	Value of consideration	Criteria for determining value of consideration
<b>1) Land purchased from PCC (45-3-18.40 rai in Chon Buri Province)</b>			
1. 111 plots of vacant land with a total area of 45-3-18.4 rai or 18,318.40 square wah with the right of way to enter and exit the aforementioned land, located in Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province	PCC	Total value of consideration is Baht 87,914,009.21, payable under the following terms: 1) The Company will pay a deposit of 10% of the sale and purchase price, equal to Baht 8,791,400.92, on the signing date of the land sale and purchase agreement* or by such other date as to be agreed upon between the two parties. 2) The Company will pay the remaining Baht 79,122,608.29 on the date of registration of land ownership transfer** or by such other date as to be agreed upon between the two parties.	The sale and purchase price of land is set in line with the Business Contract between the Company and PCC dated April 25, 2013 and is based on the average price appraised by two independent valuers, Knight Frank Chartered (Thailand) Co., Ltd. and T.A. Management Corporation (1999) Co., Ltd., on February 24, 2011 and February 22, 2011 respectively, with upward adjustment for carrying cost not more than 7% per year for six years from 2013 to 2018 in accordance with the conditions set forth in the Business Contract.
<b>2) Land purchased from Mrs. Nidda and Sirinthip (11-3-4.50 rai in Pathum Thani Province)</b>			
2. One plot of vacant land under title deed no. 98455 with an area of 11-3-4.50 rai or 4,704.50 square wah, located in Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province	Mrs. Nidda Juratsakcharoen	Total value of consideration is Baht 127,021,500, payable under the following terms: 1) The Company will pay a deposit of 10% of the sale and purchase price, equal to Baht 12,702,150, on the signing date of the land sale and purchase agreement* or by such other date as to be agreed upon between the two parties. 2) The Company will pay the remaining Baht 114,319,350 on the date of registration of land ownership transfer** or by such other date as to be agreed upon between the two parties.	The sale and purchase price of land is set from negotiation between the Company and Mrs. Nidda and is equal to the average appraised price by two independent valuers approved by the SEC, as follows: 1. C.I.T. Appraisal Co., Ltd. ("CIT") appraised a market value of the land by the market approach at Baht 26,000 per square wah or a total of Baht 122,317,000. 2. TA appraised a market value of the land by the market approach at Baht 28,000 per square wah or a total of Baht 131,726,000. Therefore, the average appraised price by the two independent valuers is equal to Baht 27,000 per square wah or a total of Baht 127,021,500.



Type of assets	Seller	Value of consideration	Criteria for determining value of consideration
3. One plot of vacant land under title deed no. 74195 with an area of 0-3-75.20 rai or 375.20 square wah, located in Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province	Sirinthip	Total value of consideration is Baht 10,130,400, payable under the following terms: 1) The Company will pay a deposit of 10% of the sale and purchase price, equal to Baht 1,013,040, on the signing date of the land sale and purchase agreement* or by such other date as to be agreed upon between the two parties. 2) The Company will pay the remaining Baht 9,117,360 on the date of registration of land ownership transfer or by such other date as to be agreed upon between the two parties.	The sale and purchase price of land is set from negotiation between the Company and Sirinthip and is equal to the average appraised price by two independent valuers approved by the SEC, as follows: 1. CIT appraised a market value of the land by the market approach at Baht 26,000 per square wah or a total of Baht 9,755,200. 2. TA appraised a market value of the land by the market approach at Baht 28,000 per square wah or a total of Baht 10,505,600. Therefore, the average appraised price by the two independent valuers is equal to Baht 27,000 per square wah or a total of Baht 10,130,400.00.

Note: \* The Company will sign the land sale and purchase agreement within 30 days from the date of obtaining approval for the land purchase from the 2018 Annual General Meeting of Shareholders which will be held on April 26, 2018.

\*\* The Company will transfer the land within 30 days from the signing date of the land sale and purchase agreement.

## 1.4 Connected persons and nature of relationship

### 1.4.1 Land purchase from PCC

- *Relevant parties*

**Purchaser** : SENA

**Seller** : Pattaya Country Club Ltd. (“PCC”)

- *Relationship between the relevant parties and scope of interest of the connected persons*

PCC is a connected person of the Company because Mr. Theerawat Thanyalakpark, PCC’s major shareholder (44.94%), also is the Company’s director and major shareholder and, moreover, Mr. Ekthawee Thanyalakpark, elder brother of Mr. Theerawat Thanyalakpark, is PCC’s director and major shareholder (20.21%).

### 1.4.2 Land purchase from Mrs. Nidda

- *Relevant parties*

**Purchaser** : SENA

**Seller** : Mrs. Nidda Juratsakcharoen (“Mrs. Nidda”)

- *Relationship between the relevant parties and scope of interest of the connected persons*



Mrs. Nidda does not have any relationship with the Company. However, she is a shareholder of Sirinthip and has accepted a transfer of the land under title deed no. 98455 (which was split from title deed no. 28081) from Sirinthip as a consequence of the restructuring of land ownership of Sirinthip. Mrs. Nidda, the transferee, signed a Memorandum of Agreement with the Company on July 3, 2017 to assume the obligations and reaffirm rights of the Company under the Memorandum of Agreement between the Company and Sirinthip dated April 3, 2006.

Sirinthip formerly was a related company of the Company because Tooncharoen Co., Ltd., which was Sirinthip's former major shareholder, was a connected person of the Company through 51% shareholding by Mrs. Srianong Kiratiwaranon (mother of Miss Kesara Thanyalakpark) and 49% shareholding by Conwest Holding Ltd. (Miss Kesara Thanyalakpark holds shares through Conwest Fund). To prevent a conflict of interest, the Company therefore signed the Memorandum of Agreement with Sirinthip on April 3, 2006 in order to limit the rights of Sirinthip to purchase any additional land or develop real estate projects or sell the land owned by Sirinthip.

Later, the former shareholder of Sirinthip sold the entire shares to persons unrelated to the Company, namely Mr. Veeravat Limthornbenjaphol, Mrs. Nidda Juratsakcharoen and Mr. Thanabul Wanlopsirinan.

The said shareholders of Sirinthip later intended to restructure the ownership of land belonging to Sirinthip and accordingly divided and transferred a part of the land, including the land plot under title deed no. 98455 (which was split from title deed no. 28081) to Mrs. Nidda. Mrs. Nidda, as the transferee, signed a Memorandum of Agreement with the Company on July 3, 2017. Details of the rights to land purchase of the Company are as follows:

In the event that Mrs. Nidda wishes to sell the said land, she must first offer to sell the land to the Company at a price not higher than the value appraised by an independent valuer, approved by the Office of the Securities and Exchange Commission, not earlier than six months before the land purchase by the Company. If the Company declines to purchase the land, Mrs. Nidda may then sell the land to a third party at a price not lower than the price offered to the Company.

#### *1.4.3 Land purchase from Sirinthip*

*- Relevant parties*

**Purchaser :** SENA

**Seller :** Sirinthipkarnkaeha Ltd. ("Sirinthip")

*- Relationship between the relevant parties and scope of interest of the connected persons*

Sirinthip formerly was a related company of the Company because Tooncharoen Co., Ltd., which was Sirinthip's former major shareholder, was a connected person of the Company through 51% shareholding by Mrs. Srianong Kiratiwaranon (mother of Miss Kesara Thanyalakpark) and 49% shareholding by Conwest Holding Ltd. (Miss Kesara Thanyalakpark holds shares through Conwest Fund). To prevent a conflict of interest, the Company therefore signed the Memorandum of Agreement with Sirinthip on April 3, 2006 in order to limit the rights of Sirinthip to purchase any additional land or develop real estate projects or sell the land owned by Sirinthip.

In the event that Sirinthip wishes to sell the said land, it must first offer to sell the land to the Company at a price not higher than the value appraised by an independent valuer, approved by the Office of the Securities and Exchange Commission, not earlier than six months before

the land purchase by the Company. If the Company declines to purchase the land, Sirinthip may then sell the land to a third party at a price not lower than the price offered to the Company.

Details of the land under the Memorandum of Agreement between the Company and Sirinthip dated April 3, 2006 which is related to the land to be acquired by the Company under this transaction

The Company disclosed in the Prospectus for Initial Public Offering (IPO) on July 15, 2009 the measures for elimination of a conflict of interest that may arise in the future in order to establish a framework for business operation of land-owning companies which may operate business in competition with the Company. Under such measures, the land owned by Sirinthip according to the Memorandum of Agreement dated April 3, 2006 must be first offered to the Company at a price not higher than the value appraised by SEC-approved independent valuer not earlier than six months before the land purchase by the Company.

The former shareholder of Sirinthip sold the entire shares to persons unrelated to the Company, namely Mr. Veeravat Limthornbenjaphol, Mrs. Nidda Juratsakcharoen and Mr. Thanabul Wanlopsirinan. These shareholders of Sirinthip later restructured the ownership of land belonging to Sirinthip and accordingly divided and transferred a part of the land to Mrs. Nidda and Golden Wattle. Mrs. Nidda and Golden Wattle, as the transferees, signed a Memorandum of Agreement with the Company on July 3, 2017 to assume the obligations under the MOA between the Company and Sirinthip.

Details of changes in the land ownership under the MOA are as follows:

Details of land under MOA dated April 3, 2006				Details of land as of December 31, 2017					
Title deed no.	Land area			Owner	Title deed no.	Land area			Owner
	rai	ngan	wah			rai	ngan	wah	
5073	54	2	36.0	Sirinthip	5073	54	2	36.0	Golden Wattle
28081	22	2	20.0	Sirinthip	74195 <sup>1/</sup>	0	0	32.0	Resident of Sena Grand Home Phase 4
					74195 <sup>3/</sup>	0	0	32.6	Sirinthip
					74195 <sup>4/</sup>	0	3	75.2	Sirinthip
					98455 <sup>2,4/</sup>	11	3	4.5	Mrs. Nidda
					98456 <sup>2/</sup>	8	0	28.8	Mrs. Nidda
				98457 <sup>2/</sup>	1	2	46.9	Mrs. Nidda	
56997	4	0	39.0	Sirinthip	56997	4	0	39.0	Golden Wattle
54690	7	2	69.2	Sirinthip	54690	7	2	69.2	Golden Wattle
<b>Total</b>	<b>88</b>	<b>3</b>	<b>64.2</b>		<b>Total</b>	<b>88</b>	<b>3</b>	<b>64.2</b>	

Note:

- <sup>1/</sup> On September 5, 2012, Sirinthip exercised the rights under the MOA to sell 32 square wah of land, which was divided from title deed no. 28081, to a resident of Sena Grand Home Phase 4 who was not a connected person and needed additional piece of land beside his house. As such, the area of land under title deed no. 28081 decreases from 22-2-20 rai or 9,020 square wah as per the MOA to 22-1-88 rai or 8,988 square wah.
- <sup>2/</sup> The Board of Directors' Meeting of the Company No. 5/2017 on August 11, 2017 resolved to grant approval for the Company to purchase 8-0-28.8 rai of land under title deed no. 98456 from Mrs. Nidda. Therefore, Mrs. Nidda currently owns land under two title deeds, no. 98455 and no. 98457, which remain subject to the obligations under the MOA, covering the area as shown in the above table.
- <sup>3/</sup> The Board of Directors' Meeting of the Company No. 1/2018 on January 29, 2018 resolved to grant approval for the Company to purchase from Sirinthip a parcel of the land under title deed no. 74195 of 32.60 square wah, which is a part of the 8-0-28.8 rai of land development project approved by the Board of Directors' Meeting No. 5/2017 on August 11, 2017. The Company will develop such land into a horizontal property, Sena Grand Home Phase 5. It already signed the land sale and purchase agreement with Mrs. Nidda, but has not yet transferred the ownership because Mrs. Nidda is in the process of land improvement which, as set forth in the agreement, must be fulfilled before the transfer of ownership.
- <sup>4/</sup> This is the plot of land that the Company will seek approval to purchase from the 2018 Annual General Meeting of Shareholders to be held on April 26, 2018.

Nonetheless, we are of the opinion that the restructuring of land ownership between Sirinthip and Mrs. Nidda, who is Sirinthip's shareholder (0.02%), will not cause the Company to lose any benefits. Because of Mrs. Nidda, the transferee signed a MOA with the Company on July 3, 2017 to assume all obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip dated April 3, 2006. The MOA was made in order to limit the rights of Mrs. Nidda to purchase any additional land or engage in the business of land development or limit the rights to sell the land owned by Mrs. Nidda, whereby Mrs. Nidda must first offer to sell the land to the Company at a price not higher than the appraised price by SEC-approved independent valuer not earlier than six months before the land purchase by the Company.

Details of the land under the Business Contract between the Company and PCC dated April 25, 2013 which is related to the land to be acquired by the Company under this transaction

The Company disclosed in the Prospectus for Initial Public Offering (IPO) on July 15, 2009 the measures for elimination of a conflict of interest that may arise in the future in order to establish a framework for business operation of land-owning companies which may operate business in competition with the Company. Under such measures, in selling the land owned by PCC according to the Business Contract dated April 25, 2013, PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. The sale and purchase price of such land must, according to the criteria set forth in the Business Contract, not be higher than the average price appraised by two independent valuers, Knight Frank Chartered (Thailand) Co., Ltd. and T.A. Management Corporation (1999) Co., Ltd., which appraised the 447-0-13.5 rai of land with construction on February 24, 2011 and February 22, 2011 respectively at an average of Baht 717,246,922. Such price may be adjusted upward for carrying cost at not more than 7% per year, with 2013 counted as year 1 for such carrying cost adjustment. The said price, broken down by type of assets and location, is as follows:

Nature of land and construction	Area (Square wah)	Average sale and purchase value (Baht/Square wah)	Total value (Baht)
<b>Project 1 (developed)</b>			
1. Construction and land	15,977	8,472	135,356,297
<b>Total</b>	<b>15,977</b>		<b>135,356,297</b>
<b>Project 2 (awaiting development)</b>			
1. Land for development adjacent to a main road	22,818	10,183	96,734,134
2. Vacant land at the corner of a main road	3,168	4,236	13,419,224
3. Vacant land adjacent to a soi	90,537	8,662	268,499,304
4. Vacant land at the corner of a soi	12,703	3,270	41,538,810
5. Vacant land adjacent to a soi and a lagoon	33,610	4,811	161,699,153
<b>Total</b>	<b>162,836</b>		<b>581,890,625</b>
<b>Grand total</b>	<b>178,813</b>		<b>717,246,922</b>

**Note:** The land to be purchased by the Company is a part of the land under the Business Contract as indicated in 'Project 2 (awaiting development)' in the above table.

The price of land to be purchased from PCC under this transaction of Baht 87,914,009.21 is equal to the value specified in the Business Contract which is adjusted upward for carrying cost at not more than 7% per year for six years (2013-2018).

## 1.5 Details of assets being acquired

### 1.5.1 111 plots of vacant land of 45-3-18.40 rai located in Pattaya Country Club & Resort, Chon Buri Province

#### Land map

Physical characteristics of the project

Location of project

Lagoon linkage zone



Map of 111 plots of land of 18,318.40 square wah to be acquired by SENA





Location of assets

Map of Pattaya Country Club & Resort Project



Map of golf course in nearby area



Type of assets	111 plots of vacant land with a total area of 45-3-18.4 rai or 18,318.40 square wah
Location	The assets are located in Pattaya Country Club & Resort Project, Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province, about 2.50 kilometers from Chachoengsao - Sattahip Road (Highway 331), Km. 27+600, to the east; about 4.2 kilometers from Bang Lamung - Rayong Road (Highway 36) to the northeast; and about 5.90 kilometers from Nong Prue - Khao Mai Kaeo Road (Rural Road ChorBor. 3240) to the south
Title deeds no.	19 title deeds no. 123562 - 123580; 7 title deeds no. 121392 - 121398; 83 title deeds no. 121135 - 121217; and 2 title deeds no. 121479 and 121499
Characteristics of assets	Vacant land consisting of 111 small plots each of about 146.60 - 286.90 square wah (see more details in Item 4 Sub-Item 4.1 (a) Analysis of sale and purchase price vs. appraisal price)
Details of assets	The assets are vacant land under title deeds composed of 111 small plots already developed and originally planned for “Pattaya Country Club Home & Residence Phase 2” Project. The land is located in Pattaya Country Club & Resort Project, divided into small lots with separate title deeds, mostly in rectangular shape and already improved. The land encompasses both high and low landscape according to the original physical geography, about 2.00-2.50 meters above the level of road in the project. The vacant land is complete with public utility systems, with six units of single-level houses constructed thereon and currently left in the old, unfinished condition.
Owner	Pattaya Country Club Co., Ltd.
Encumbrance	- None -
Two SEC-approved independent valuers	1. Knight Frank, which appraised the land according to the property appraisal report dated February 20, 2018 2. TA, which appraised the land according to the property appraisal report dated January 30, 2018
Purpose of appraisal	For market value measurement and for public purpose
Conditions for appraisal	-None-
Nearby public utilities	Electricity, water supply and telephone systems
Applicable regulations/laws	<u>Town plan</u>

	<p>The assets are located in the “Green” zone (Zone 4.54) with land use specified as “Rural and Agricultural Category” pursuant to the Ministerial Regulation for Chon Buri Town Planning (2017), with land use for agriculture, housing, educational institute, religious institute, government agency, public utility and public facility purposes.</p> <p><u>Other legal provisions</u> There have not yet been any other relevant regulations or laws enforced in the area where the assets are located.</p>
Government’s development projects	Eastern route high-speed train project “Pattaya - Map Ta Phut” motorway project
Valuation approach	<ol style="list-style-type: none"> <li>1. Knight Frank used the residual method for valuation of the assets by forecasting project revenues based on market data on vacant land derived from comparative market data survey and costs of construction of public utility systems based on standard prices of the Valuers Association of Thailand, and then projecting cost of project construction and operating expenses obtained from the Company.</li> <li>2. TA applied the market approach with weight quality score (WQS) used for variable factor adjustment to measure the assets’ value.</li> </ol>
Government land value appraisal	<ol style="list-style-type: none"> <li>1. Knight Frank examined the government land value appraisal derived from list of appraisal values in the registration of juristic acts and rights to land announced by the Treasury Department for use as a basis for collecting taxes on sales of property, fees for registration of juristic acts, and stamp duty. It found that the government land value appraisal for the land appraised was equal to Baht 3,000 per square wah.</li> <li>2. TA indicated in the property appraisal report that the appraised land was found to be left out of the survey for government land value appraisal.</li> </ol>
Appraisal price	<ol style="list-style-type: none"> <li>1. Land appraisal price by Knight Frank according to the report dated February 20, 2018 is equal to Baht 8,320 per square wah or <b>a total of Baht 152,436,629, rounded off to Baht 152,400,000.</b></li> <li>2. Land appraisal price by TA according to the report dated January 30, 2018 is equal to Baht 7,800 per square wah or <b>a total of Baht 142,883,520, rounded off to Baht 142,884,000.</b></li> </ol>

### 1.5.2 Two plots of vacant land of 12-2-79.70 rai located in Sena Grand Home Project, Pathum Thani Province



Note: TD is abbreviated from title deed.

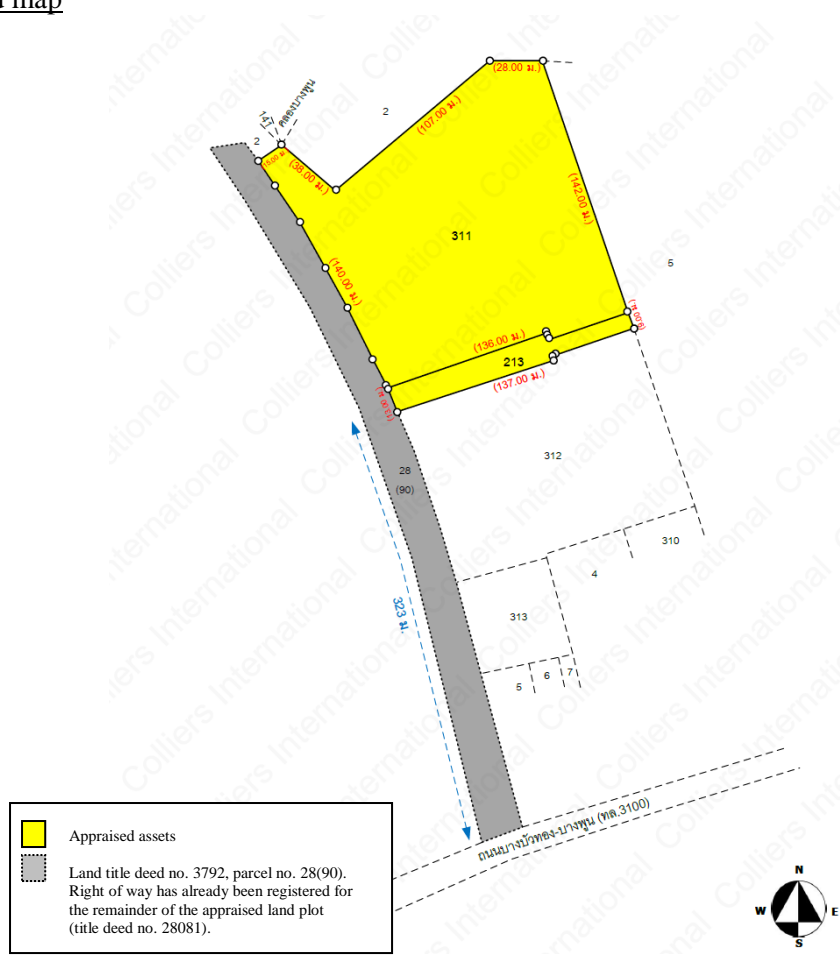
Type of assets	Two plots of vacant land with a total area of 5,112.30 square wah												
Location	The assets are located to the east of the entrance to Sena Grand Home Project. The two land plots are connecting, with one side next to the road in Sena Grand Home Project, which is a private road (under right of way) already registered as easement for walkway, road and public utility systems. The land is at Km. 18+200 from Bang Bua Thong - Bang Phun Road (Highway 345), Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province.												
Title deeds no.	98455 and 74195												
Characteristics of assets	<p><u>Land</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>No.</th> <th>Title deed no.</th> <th>Area (square wah)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>98455</td> <td>4,704.50</td> </tr> <tr> <td>2</td> <td>74195</td> <td>407.80</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>Total</b></td> <td style="text-align: center;"><b>5,112.30</b></td> </tr> </tbody> </table>	No.	Title deed no.	Area (square wah)	1	98455	4,704.50	2	74195	407.80	<b>Total</b>		<b>5,112.30</b>
No.	Title deed no.	Area (square wah)											
1	98455	4,704.50											
2	74195	407.80											
<b>Total</b>		<b>5,112.30</b>											
Details of assets	The assets include two connecting plots of land with a total area, as per the title deeds, of 12 rai 3 ngan 12.30 square wah (5,112.30 square wah). The overall shape of the land is polygonal, about 153 meters in width fronting the road in Sena Grand Home Project												



	(right of way) with the maximum depth of about 188 meters. The northern side is partially adjacent to a public canal (Bang Phun Canal). The land has been improved, about 0.15 meters above the road level.																				
Owner	1. Mrs. Nidda for land plot under title deed no. 98455 2. Sirinthip for land plot under title deed no. 74195																				
Encumbrance	- None -																				
Two SEC-approved independent valuers	1. CIT, which appraised the land according to the property appraisal report dated January 24, 2018 2. TA, which appraised the land according to the property appraisal report dated January 11, 2018																				
Purpose of appraisal	For market value measurement and for public purpose																				
Conditions for appraisal	CIT set a condition that the appraised assets are accessible through the land lot under title deed no. 3792 (right of way) to the public road without any problem, and that the assets are appraised without regard to erosion by water (at the northern side of the land under title deed no. 98455 which is adjacent to Bang Phun Canal).																				
Nearby public utilities	Electricity, water supply, telephone, drainage pipe, walkway and roadside lighting																				
Applicable regulations/laws	<u>Town plan</u> The assets are located in the community zone (Pink Zone) pursuant to the Ministerial Regulation for Pathum Thani Town Planning (2015), with land use for housing, commerce, agriculture, educational institute, religious institute, government agency, public utility and public facility purposes. <u>Expropriation</u> The assets are not located in the expropriation zone for any of the government's projects.																				
Government's development project	Red Line electric train (Bang Sue - Rangsit) project (under construction)																				
Valuation approach	1. CIT used the market approach with a survey of comparative market data together with various factors that have an effect on the assets' value, and then employed the market data grid to measure the assets' value. 2. TA applied the market approach with weight quality score (WQS) used for variable factor adjustment to measure the assets' value.																				
Government land value appraisal	According to the property appraisal reports of CIT and TA, they examined the government land value appraisal derived from list of appraisal values in the registration of juristic acts and rights to land announced by the Treasury Department for use as a basis for collecting taxes on sales of property, fees for registration of juristic acts, and stamp duty. They found that the government land value appraisal for the assets appraised was as follows: <table border="1" data-bbox="630 1684 1356 1995"> <thead> <tr> <th>No.</th> <th>Title deed no.</th> <th>Area (square wah)</th> <th>Government land value appraisal (Baht/square wah)</th> <th>Total (Baht)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>98455</td> <td>4,704.5</td> <td>17,500</td> <td>82,328,750</td> </tr> <tr> <td>2</td> <td>74195</td> <td>407.8</td> <td>16,000</td> <td>6,524,800</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>5,112.3</b></td> <td><b>17,380.35 (average)</b></td> <td><b>88,853,550</b></td> </tr> </tbody> </table>	No.	Title deed no.	Area (square wah)	Government land value appraisal (Baht/square wah)	Total (Baht)	1	98455	4,704.5	17,500	82,328,750	2	74195	407.8	16,000	6,524,800		<b>Total</b>	<b>5,112.3</b>	<b>17,380.35 (average)</b>	<b>88,853,550</b>
No.	Title deed no.	Area (square wah)	Government land value appraisal (Baht/square wah)	Total (Baht)																	
1	98455	4,704.5	17,500	82,328,750																	
2	74195	407.8	16,000	6,524,800																	
	<b>Total</b>	<b>5,112.3</b>	<b>17,380.35 (average)</b>	<b>88,853,550</b>																	
Appraisal price	<u>Land appraisal price</u>																				

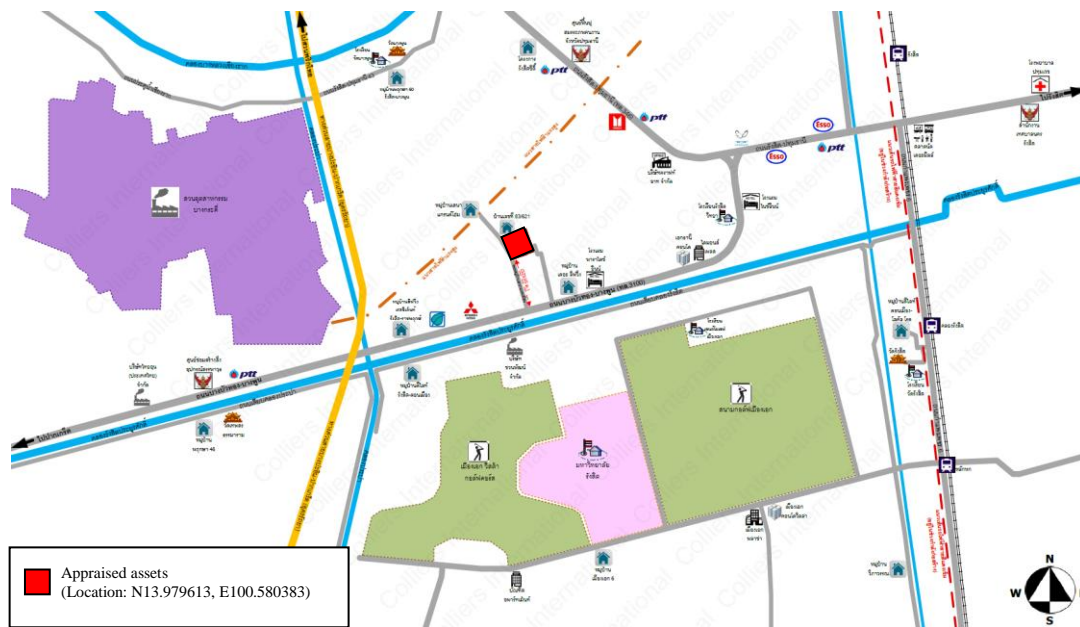
	<ol style="list-style-type: none"> <li>1. Land appraisal price by CIT according to the report dated February 24, 2018 is equal to Baht 26,000 per square wah or a <b>total of Baht 132,919,800, rounded off to Baht 132,920,000.</b></li> <li>2. Land appraisal price by TA according to the report dated January 11, 2018 is equal to Baht 28,000 per square wah or a <b>total of Baht 143,144,400, rounded off to Baht 143,144,000.</b></li> </ol>
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Land map



Source: Property appraisal report of C.I.T. Appraisal Co., Ltd.

Location of assets



Source: Property appraisal report of C.I.T. Appraisal Co., Ltd.

**1.6 Summary of the Memorandum of Agreements/Business Contract/Agreements relating to the transactions**

**1.6.1 Memorandum of Agreement (“MOA”) between SENA and Sirinthip**

<b>Sirinthipkarnkaeha Ltd. (“Sirinthip”)</b>	
MOA signing date	: April 3, 2006
Shareholders/Persons with control authority as at the MOA signing date	: <u>Shareholding as at the MOA signing date</u> Tooncharoen Co., Ltd., 99.97% (Tooncharoen Co., Ltd. is 51% owned by Mrs. Srianong Kiratiwaranon (mother of Miss Kesara Thanyalakpark) and 49% by Conwest Holding Ltd. (Miss Kesara Thanyalakpark holds shares through Conwest Fund.) <u>Director</u> Mr. Pit Pruksathorn
Shareholders/Persons with control authority as at present (source: <a href="http://corpus.bol.co.th">http://corpus.bol.co.th</a> )	: <u>Current shareholding</u> (as at April 30, 2017) Mr. Veeravat Limthornbenjaphol, 99.98%; Mrs. Nidda Juratsakcharoen, 0.02%; and Mr. Thanabul Wanlopsirinan, 0.00% <u>Director</u> Mr. Veeravat Limthornbenjaphol
Type of business	: Real estate development
Previous/Existing projects	: None
Measures for conflict of interest prevention	: Key details are as follows: 1. Sirinthip will not purchase additional land or engage in land development or house construction for sale or for rent or operate any real estate businesses, whether by itself or through cooperation projects or joint ventures with other entrepreneurs, other than the existing projects. 2. Sirinthip certifies that it does not own any pieces of land other than the land lots indicated hereunder:

No.	Title document	Parcel no.	Area		
			Rai	Ngan	Square wah
Located in Bang Phun Sub-district, Mueang District, Pathum Thani Province					
1	Title deed	5073	54	2	36
2	Title deed	28081	22	2	20
3	Title deed	56997	4	0	39
	Title deed	54690	7	2	69.2
<b>Total</b>			<b>88</b>	<b>3</b>	<b>64.2</b>

3. In the event that Sirinthip wishes to develop land into a real estate project, it must make an offer solely to the Company to undertake such project development. If the Company declines such offer, Sirinthip has the only right to sell such land and, in this respect, must comply with the conditions under Clause 4.
4. In the event that Sirinthip wishes to sell the land, it must first offer to sell the land to the Company at a price not higher than the value appraised not earlier than six months by an independent valuer, approved by the Thai Valuers Association and the Valuers Association of Thailand. If the Company declines to purchase the land, Sirinthip may then sell the land to a third party at a price not lower than the price offered to the Company.
5. The two parties agree never to use human resources and any other assets of the other party for its own benefit.

### 1.6.2 Business Contract between SENA and PCC

<b>Pattaya Country Club Co., Ltd. ("PCC")</b>	
Signing date	April 25, 2013
Shareholders/Persons with control authority	<u>Shareholding as at the contract signing date</u> Mr. Theerawat Thanyalakpark (through 76 Wisawaphan Co., Ltd.*), 62.35%; Mr. Jitr Thanyalakpark, 33.33% <u>Directors</u> Mr. Ekthawee Thanyalakpark and two other persons
Shareholders/Persons with control authority as at present (source: <a href="http://corpus.bol.co.th">http://corpus.bol.co.th</a> )	<u>Current shareholding (as at April 30, 2017)</u> Mr. Theerawat Thanyalakpark, 44.94%; Mr. Ekthawee Thanyalakpark, 20.21%; Mr. Sanhapat Charoenthanaratch, 4.65%; Mr. Jitr Thanyalakpark, 2.08%; Mr. Somchai Dhanasarnsilp, 2.08%; and other 20 shareholders, 26.04% <u>Directors</u> Mr. Ekthawee Thanyalakpark, Mr. Sanhapat Charoenthanaratch, ACM Kaset Rojananil and Miss Natchaya Thanyalakpark

<p>Measures for conflict of interest prevention</p>	<ol style="list-style-type: none"> <li>1. PCC will not purchase additional land or engage in land development or house construction for sale or for rent or operate any real estate businesses, whether by itself or through cooperation projects or joint ventures with other entrepreneurs, other than the existing projects operated by PCC. The existing projects are divided into two groups: <ul style="list-style-type: none"> <li>- Project 1 includes land already developed with construction built thereon. (On December 1, 2013, the Company signed an agreement with PCC to jointly operate Pattaya Resort Phase 1 of 89 units)</li> <li>- Project 2 includes land not yet developed and without any construction built thereon. The Company will purchase a part of the land in Project 2 for development into a horizontal property project and will seek approval from the 2018 Annual General Meeting of Shareholders for this transaction.</li> </ul> </li> <li>2. PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. The sale and purchase price of such land will be determined by the Company and must not be higher than the average price appraised by two independent valuers, 1) Knight Frank Chartered (Thailand) Co., Ltd. and 2) T.A. Management Corporation (1999) Co., Ltd., which appraised the 447-0-13.5 rai of land with construction (price varied with type of assets) on February 24, 2011 and February 22, 2011 respectively at an average of Baht 717,246,922. Such price may be adjusted upward for carrying cost at not more than 7% per year, with 2013 counted as year 1 for such carrying cost adjustment.</li> <li>3. PCC has the right to develop land and construction owned by PCC and located around Pattaya Country Club golf course, and agrees to grant the Company the right to offer to co-develop land and construction with PCC instead of purchase of the same, whereby PCC has no right to decline such offer made by the Company. Consideration receivable by PCC must not be higher than the price of land and construction mentioned in Clause 2, with 2013 counted as year 1 for such carrying cost adjustment.</li> <li>4. If PCC wishes to sell the land and construction owned by PCC and located around Pattaya Country Club golf course, it agrees to first offer to sell the same to the Company at a price not higher than the price of land and construction mentioned in Clause 2. If the Company wishes to purchase the said land and construction, whether in whole or in part, it must give a notice to accept such offer within 90 days from the date of receiving the offer. To decline such offer, whether partly or wholly, the Company must fulfill the following procedures: <ol style="list-style-type: none"> <li>4.1 The Company must seek approval from the Audit Committee and the Board of Directors to assign and authorize the managing director to decline to purchase the land and construction from PCC at the total value of the rejected sale and purchase transaction.</li> <li>4.2 The notification of the Capital Market Supervisory Board pertaining to connected transactions shall apply to the case where the Company declines the offer for sale of Project 2.</li> </ol> </li> <li>5. The parties hereto agree and certify that, in performing any acts under this contract, both parties shall strictly comply with the laws, provisions, notifications, rules and regulations notified or stipulated by</li> </ol>
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	<p>the SEC and the SET, particularly the notifications regarding connected transactions or acquisition or disposal of assets or any other relevant notifications in order to protect the interest of minority shareholders of the Company.</p> <p>6. The two parties agree and undertake that either of them may never use human resources and any other assets of the other party for the benefit of their own business operation, unless a remuneration for such use is paid to the other party under the terms and conditions as to be mutually agreed upon in writing by the two parties in advance.</p>
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### 1.6.3 Draft land sale and purchase agreement between the Company and PCC

Counterparties	:	Sena Development Plc. (“Purchaser”) Pattaya Country Club Co., Ltd. (“Seller”)
Property to be sold and purchased	:	The Seller agrees to sell and the Purchaser agrees to buy land, comprising 111 plots with a total area of 18,317.30 square wah, in Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province.
Sale and purchase price	:	Baht 87,914,009.21
Terms of payment	:	<p>The Purchaser agrees to pay the sale and purchase price to the Seller under the following terms:</p> <p>1) The amount of 10% of the sale and purchase price, equal to Baht 8,791,400.92, shall be paid on the date of signing of the sale and purchase agreement (within 30 days from the date the Company obtains approval from the 2018 Annual General Meeting of Shareholders, to be held on April 26, 2018, or within such other date as to be agreed upon by the two parties).</p> <p>2) The remaining Baht 79,122,608.29 shall be paid on the date of registration of land ownership transfer (within 30 days from the date of signing of the sale and purchase agreement or within such other date as to be agreed upon by the two parties).</p>
Transfer of ownership and hand-over of the property to be sold and purchased	:	<p>The Seller agrees to transfer ownership over the land contemplated herein to the Purchaser without prejudice to a right or without any encumbrances under the laws. If any of the land plots prejudices a right or is subject to any encumbrances or is occupied or used by any persons, the Seller shall have duties to relieve any such burden and arrange for those persons to move out from the land and demolish and remove any structures or materials from the land, as well as to improve the land and public utilities completely before the date of registration of land ownership transfer. Otherwise, the Seller agrees to postpone the registration of land ownership transfer and the payment for the remaining land price until the Seller has accomplished the aforementioned duties, without prejudicing the Purchaser’s right to terminate the agreement.</p> <p>The Seller agrees to register the right of way over the land under the certificate of land use (Nor.Sor.3Kor.) no. 803, parcel no. 2; Nor.Sor.3Kor. no. 1622, parcel no. 267; and Nor.Sor.3Kor. no. 2838, parcel no. 689, located in Pattaya Country Club Project for all plots of land to be purchased in order to allow for entrance and exit to all such land plots.</p>
Taxes, fees and other expenses relevant to the ownership transfer	:	The two parties agree to jointly pay, on a 50:50 basis, the duty, income tax, fee, specific business tax, land tax, building tax, and other taxes or any other expenses relevant to the registration of land ownership transfer under this agreement.
Breach of agreement	:	If the Purchaser fails to effect the transfer of land ownership, the



	<p>Purchaser agrees that the amount paid earlier shall be forfeited forthwith by the Seller, whereby any structures constructed by the Purchaser on such land shall forthwith become property of the Seller.</p> <p>In the event that the Seller breaches any of the provisions set forth herein or fails to transfer the land ownership to the Purchaser, the Seller agrees that the Purchaser may file a lawsuit to demand the Seller to comply with this agreement forthwith, or that the Purchaser may terminate the agreement forthwith. In this respect, the Seller agrees to return all monies received earlier to the Purchaser forthwith, together with payment of a penalty fee at two times of the amount received from the Purchaser. The Seller shall also be liable for all damages incurred to the Purchaser from a loss of opportunity or income obtainable from business operation due to the breach of the agreement by the Seller.</p>
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#### 1.6.4 Draft land sale and purchase agreement between the Company and Mrs. Nidda

Counterparties	:	Sena Development Plc. (“Purchaser”) Mrs. Nidda Juratsakcharoen (“Seller”)
Property to be sold and purchased	:	The Seller agrees to sell and the Purchaser agrees to buy land, comprising 1 plots with a total area of 11-3-4.50 rai, in Bang Phun Sub-district, Pathum Thani Province.
Sale and purchase price	:	Baht 127,021,500
Terms of payment	:	<p>The Purchaser agrees to pay the sale and purchase price to the Seller under the following terms:</p> <p>1) The amount of 10% of the sale and purchase price, equal to Baht 12,702,150, shall be paid on the date of signing of the sale and purchase agreement (within 30 days from the date the Company obtains approval from the 2018 Annual General Meeting of Shareholders, to be held on April 26, 2018, or within such other date as to be agreed upon by the two parties).</p> <p>2) The remaining Baht 114,319,350 shall be paid on the date of registration of land ownership transfer (within 30 days from the date of signing of the sale and purchase agreement or within such other date as to be agreed upon by the two parties).</p>
Transfer of ownership and hand-over of the property to be sold and purchased	:	<p>The Seller agrees to transfer ownership over the land contemplated herein to the Purchaser without prejudice to a right or without any encumbrances under the laws. If any of the land plots prejudices a right or is subject to any encumbrances or is occupied or used by any persons, the Seller shall have duties to relieve any such burden and arrange for those persons to move out from the land and demolish and remove any structures or materials from the land, as well as to improve the land and public utilities completely before the date of registration of land ownership transfer. Otherwise, the Seller agrees to postpone the registration of land ownership transfer and the payment for the remaining land price until the Seller has accomplished the aforementioned duties, without prejudicing the Purchaser’s right to terminate the agreement.</p>
Taxes, fees and other expenses relevant to the ownership transfer	:	The two parties agree to jointly pay, on a 50:50 basis, the duty, income tax, fee, specific business tax, land tax, building tax, and other taxes or any other expenses relevant to the registration of land ownership transfer under this agreement.
Breach of agreement	:	If the Purchaser fails to effect the transfer of land ownership, the Purchaser agrees that the amount paid earlier shall be forfeited forthwith by the Seller, whereby any structures constructed by the Purchaser on



	<p>such land shall forthwith become property of the Seller.</p> <p>In the event that the Seller breaches any of the provisions set forth herein or fails to transfer the land ownership to the Purchaser, the Seller agrees that the Purchaser may file a lawsuit to demand the Seller to comply with this agreement forthwith, or that the Purchaser may terminate the agreement forthwith. In this respect, the Seller agrees to return all monies received earlier to the Purchaser forthwith, together with payment of a penalty fee at two times of the amount received from the Purchaser. The Seller shall also be liable for all damages incurred to the Purchaser from a loss of opportunity or income obtainable from business operation due to the breach of the agreement by the Seller.</p>
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### 1.6.5 Draft land sale and purchase agreement between the Company and Sirinthip

Counterparties	:	Sena Development Plc. (“Purchaser”) Sirinthipkarnkaeha Co., Ltd. (“Seller”)
Property to be sold and purchased	:	The Seller agrees to sell and the Purchaser agrees to buy land, comprising 1 plots with a total area of 0-3-75.2 rai, in Bang Phun Sub-district, Pathum Thani Province.
Sale and purchase price	:	Baht 10,130,400
Terms of payment	:	<p>The Purchaser agrees to pay the sale and purchase price to the Seller under the following terms:</p> <ol style="list-style-type: none"> <li>1) The amount of 10% of the sale and purchase price, equal to Baht 1,013,040, shall be paid on the date of signing of the sale and purchase agreement (within 30 days from the date the Company obtains approval from the 2018 Annual General Meeting of Shareholders, to be held on April 26, 2018, or within such other date as to be agreed upon by the two parties).</li> <li>2) The remaining Baht 9,117,360 shall be paid on the date of registration of land ownership transfer (within 30 days from the date of signing of the sale and purchase agreement or within such other date as to be agreed upon by the two parties).</li> </ol>
Transfer of ownership and hand-over of the property to be sold and purchased	:	<p>The Seller agrees to transfer ownership over the land contemplated herein to the Purchaser without prejudice to a right or without any encumbrances under the laws. If any of the land plots prejudices a right or is subject to any encumbrances or is occupied or used by any persons, the Seller shall have duties to relieve any such burden and arrange for those persons to move out from the land and demolish and remove any structures or materials from the land, as well as to improve the land and public utilities completely before the date of registration of land ownership transfer. Otherwise, the Seller agrees to postpone the registration of land ownership transfer and the payment for the remaining land price until the Seller has accomplished the aforementioned duties, without prejudicing the Purchaser’s right to terminate the agreement.</p>
Taxes, fees and other expenses relevant to the ownership transfer	:	The two parties agree to jointly pay, on a 50:50 basis, the duty, income tax, fee, specific business tax, land tax, building tax, and other taxes or any other expenses relevant to the registration of land ownership transfer under this agreement.
Breach of agreement	:	<p>If the Purchaser fails to effect the transfer of land ownership, the Purchaser agrees that the amount paid earlier shall be forfeited forthwith by the Seller, whereby any structures constructed by the Purchaser on such land shall forthwith become property of the Seller.</p> <p>In the event that the Seller breaches any of the provisions set forth herein</p>

	<p>or fails to transfer the land ownership to the Purchaser, the Seller agrees that the Purchaser may file a lawsuit to demand the Seller to comply with this agreement forthwith, or that the Purchaser may terminate the agreement forthwith. In this respect, the Seller agrees to return all monies received earlier to the Purchaser forthwith, together with payment of a penalty fee at two times of the amount received from the Purchaser. The Seller shall also be liable for all damages incurred to the Purchaser from a loss of opportunity or income obtainable from business operation due to the breach of the agreement by the Seller.</p>
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## 2. Profile of the Company

### 2.1 Background

Sena Development Plc. (“the Company” or “SENA”), formerly Krungthep Keha Group Co., Ltd., was established on May 11, 1993 by Mr. Theerawat Thanyalakpark who started the business originally in distribution and installation of wooden construction materials before entering the residential real estate development business. The Company firstly was a developer of townhouses, the first project of which was Sena 84 Project developed in 1984. It later embarked on other types of housing projects, comprising single house, duplex house, condominium and commercial building, and has continuously developed new projects.

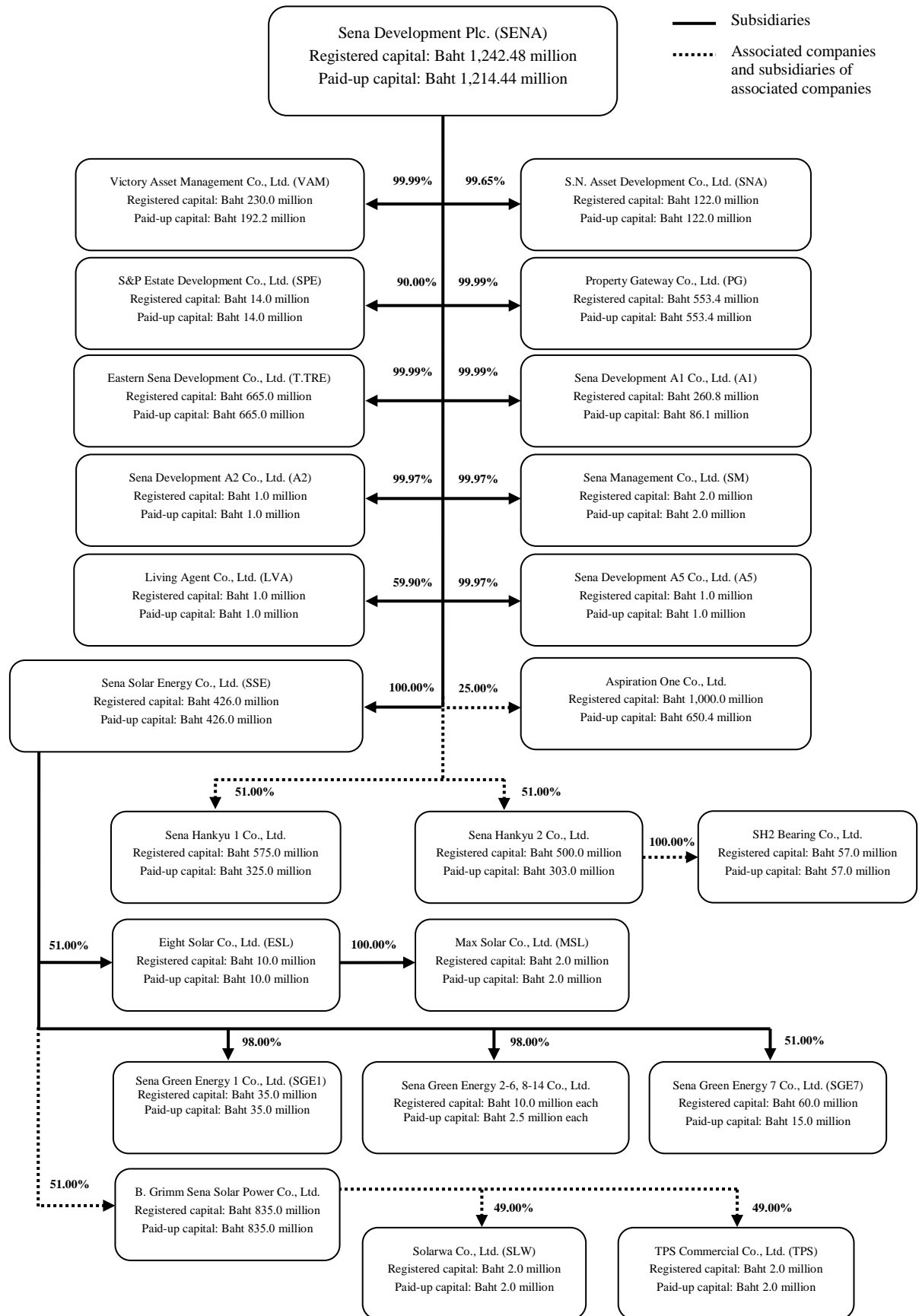
In 2009, SENA was converted into a public limited company and conducted an initial public offering on July 29, 2009 to mobilize funds for development of its various real estate projects. The Company has consistently expanded both its core business, the real estate development targeting at low-end to mid-end markets, and the rental and services business to generate recurring income which will help to strengthen its financial position.

In 2015, the Company diversified into the solar energy business by acquiring ordinary shares in Sena Solar Energy Co., Ltd. (formerly T.T. Renewable Energy Co., Ltd.) under a joint venture with B. Grimm Power Plc. to operate a 46.5 MW solar farm project, which started commercial operation in December 2015 and recognized full-year revenues in 2016. Moreover, the Company invested in Eight Solar Co., Ltd. (formerly Wattanasuk Engineering Co., Ltd.) to engage in supply and installation of solar panels and equipment. In 2015, the Company also expanded to the rental and services business by investing in Aspiration One Co., Ltd. (25% owned by the Company) through a joint venture with AIRA Property Co., Ltd. (holding 60%) and Sangfah Construction Co., Ltd. (holding 15%), to operate the office building for rent business in Ratchathewi intersection area. The project, located on land leased from the Crown Property Bureau for a term of 30 years, is still under development, with the construction commencing in 2016 and expected to be completed in 2019.

In 2016, the Company launched the SENA Solar House Project to respond to the clean energy and eco-friendly trend and also to further its solar energy business. Moreover, the Company expanded the real estate development business by entering a joint venture with Hankyu Realty Co., Ltd., which is a leading Japanese residential developer, to enhance its competitiveness, knowledge and strength. The joint venture agreement between the Company and Hankyu Realty was signed on December 5, 2016.

As of December 31, 2017, the Company had a registered capital of Baht 1,242.48 million and a paid-up capital of Baht 1,214.44 million, divided into 1,214.44 million ordinary shares with a par value of Baht 1 per share.

SENA's shareholding structure (as at December 31, 2017)



## 2.2 Business overview

The Company has engaged in the real estate development for sale and for rent and integrated residential services business, having 17 subsidiaries, 4 associated companies and 3 subsidiaries of the associated companies, as at December 31, 2017. The businesses of the Company and its subsidiaries can be divided into three types: (1) residential real estate development for sale business, including a total of 25 projects under their management with a total value of approximately Baht 21,000 million, (2) rental and services business, and (3) solar business.

### (1) Residential real estate development for sale business

- The Company operates the horizontal and vertical residential real estate development for sale and the rental and services business. As at December 31, 2017, it had a total of 22 projects for sale under its management comprising 9 horizontal projects in the name of S Ville, Sena Ville, Sena Town, Sena Avenue and Sena Shop House, 13 condominium projects in the name of The Niche Pride, The Niche ID, The Niche Mono, The Kith Plus and The Kith, and one property for rent project in the name of Sena Fest Community Mall.
- SNA engages in residential property development for sale and for rent. It has one project for sale under its management, namely The Kith Tiwanon, and one project for rent, namely Sena Warehouse Sukhumvit 50.
- SPE engages in residential property development for sale.
- PG (formerly S.A. Asset Co., Ltd.) engages in residential property development for sale, with one project under management, namely Sena Park Grand.
- A1 engages in residential property development for sale.
- A2 engages in residential property development for sale.
- A5 engages in residential property development for sale.
- SM provides services in property management and sale and purchase. It has two projects under management, The Niche Mono Sukhumvit-Bearing and The Niche Pride Taopun Interchange, which are under design development.
- LVA is a provider of real estate agent and broker services.
- Sena Hankyu 1 Co., Ltd. (associated company) is a developer of residential property for sale.
- Sena Hankyu 2 Co., Ltd. (associated company) is a developer of residential property for sale, having one project under management, The Niche Mono Sukhumvit-Bearing.
- SH2 Bearing Co., Ltd. (100% owned by Sena Hankyu 2 Co., Ltd.) engages in residential property development for sale.

### (2) Rental and services business








- VAM operates the rental and services business and provides living agent services for second-hand houses and condominium units of the Company and its subsidiaries and projects of other companies. The apartments for rent under VAM's management are Sena House Phaholyothin 30 and Sena House Lamlukka Klong 2 in Pathum Thani Province.
- T.TRE (formerly T. Treasury Holding Co., Ltd.) operates the golf course rental and services business, with one project under management, namely Pattaya Country Club & Resort.
- Aspiration One Co., Ltd. (associated company) operates the golf course rental and services business. It is a joint venture between SENA, holding 25.0% of the paid-up capital as of


December 31, 2017, AIRA Property Co., Ltd., holding 60.0%, and Sangfah Construction Co., Ltd., 15.0%, to operate the office building for rent business in Ratchathewi intersection area.

(3) Solar business

- SSE engages in the solar business.
- ESL engages in the solar business by supplying solar panels and equipment.
- MSL engages in the solar business by providing solar panel installation services.
- SGE1, SGE2 and SGE 8 engage in the solar business.
- SGE 7 engages in the solar business.
- B. Grimm Sena Solar Power Co., Ltd. (associated company) engages in the solar business. It is a joint venture between Sena Solar Energy Co., Ltd., holding 51.0% of the paid-up capital, and B. Grimm Power Plc., holding 49.0%. B. Grimm Sena Solar Power Co., Ltd. has invested in SLW and TPS.
- SLW engages in the solar business by operating a solar farm project in Nakhon Pathom Province.
- TPS engages in the solar business by operating a solar farm project in Saraburi Province. B. Grimm Sena Solar Power Co., Ltd. holds 49.0% of its paid-up capital as of December 31, 2017 (the rest 51.0% is held by other shareholders).

The Company develops five types of both horizontal and vertical properties for sale, comprising single detached houses, duplexes, townhouses, commercial buildings and condominiums under three major brands which are Sena, The Niche and The Kith, as follows:

Major brand	Trademark	Type	Average price (Baht million)	Target group (salary/person)
<p>Sena</p> <p>➤ This brand is intended for horizontal projects, divided into sub-brands to match the location and type of each project. There are currently six projects under this brand as follows:</p> <ul style="list-style-type: none"> <li>○ Sena Park Grand</li> <li>○ Sena Park Ville</li> <li>○ Sena Ville</li> <li>○ Sena Town</li> <li>○ Sena Avenue</li> <li>○ Sena Shop House</li> </ul>		Single house	8 - 12	A to A+ Baht 150,000 or higher/month
		Single and duplex house	6 - 8	B to A Baht 100,000 - 150,000/month
		Single and duplex house	4 - 6	C+ to B Baht 50,000 - 80,000/month
		Townhome and home office	4 - 6	B Baht 50,000 - 80,000/month
		Home office	4 - 5	B Baht 60,000 - 80,000/month
		Home office and commercial building	5 - 7.5	C+ to A Baht 40,000 - 110,000/month
<p><b>The Niche</b></p> <p>➤ This brand is for middle to upper-end condominium projects.</p>		Condominium and commercial building	1.5 - 4	<p><b>Niche Pride</b> C+ to B Baht 40,000 - 65,000/month</p> <p><b>Niche Mono</b> C+ Baht 35,000 - 45,000/month</p> <p><b>Niche ID</b> C Baht 25,000 - 35,000/month</p>

Major brand	Trademark	Type	Average price (Baht million)	Target group (salary/person)
<b>The Kith</b> ➤ This brand is for low to middle-end condominiums.		Condominium and commercial building	1 - 1.2	<b>Kith Plus</b> C Baht 17,000 - 30,000/month <b>Kith</b> C- to C Baht 15,000 - 25,000/month <b>Kith Lite</b> C- Baht 12,000 - 15,000/month

As at December 31, 2017, the Company and its subsidiaries had a total of 25 projects under development, divided into 10 horizontal projects, 14 vertical projects and one joint venture (JV) project, details of which are as follows:

**Table illustrating real estate for sale projects under development, as at December 31, 2017**

Projects		Total project value		Accumulated sales		Accumulated transfers		Products available for sale		Backlog	
		Value	Units	Value	Units	Value	Units	Value	Units	Value	Units
<b>Horizontal projects</b>											
1	Sena Ville Borommaratchachonnani - Sai 5	876.65	202	132.71	29	89.90	20	743.94	173	42.81	9
2	Sena Park Ville Ramindra	1,106.88	218	572.20	109	429.13	83	534.68	109	143.07	26
3	Sena Park Grand	1,429.68	174	725.00	92	680.31	87	704.68	82	44.68	5
4	Sena (S) Town Ramindra 1	107.33	29	64.84	18	56.84	16	42.49	11	8.00	2
5	Sena (S) Town Ramindra 2	46.19	10	17.43	4	17.43	4	28.76	6	0.00	-
6	Sena Town Nawamin	55.20	9	42.00	7	35.36	6	13.20	2	6.64	1
7	Sena Avenue Bangkadee	227.91	41	61.97	14	53.81	12	165.94	27	8.16	2
8	Sena Shop House Lamlukka Klong 2	67.54	14	52.56	11	52.56	11	14.98	3	0.00	-
9	Sena Shop House Phaholyothin Khukot	199.55	28	30.61	4	0.00	-	168.94	24	30.61	4
10	Sena Shop House Bangkae - Terdthai	468.37	59	74.36	9	0.00	-	394.01	50	74.36	9
<b>Total horizontal projects</b>		<b>4,585.31</b>	<b>784</b>	<b>1,773.68</b>	<b>297</b>	<b>1,415.35</b>	<b>239</b>	<b>2,811.62</b>	<b>487</b>	<b>358.33</b>	<b>58</b>
<b>Vertical projects</b>											
11	The Kith Lite Bangkadee P2	367.32	348	168.03	160	151.64	145	199.29	188	16.39	15
12	The Kith Tiwanon	1,119.49	869	1,015.41	811	1,003.12	805	104.08	58	12.29	6
13	The Kith Plus Sukhumvit 113 P1	564.39	425	558.68	422	379.92	283	5.71	3	178.77	139
14	The Kith Plus Phaholyothin Khukot	483.94	364	128.22	99	0.00	-	355.72	265	128.22	99
15	Niche ID Sukhumvit 113	592.07	366	227.60	143	0.00	-	364.47	223	227.60	143
16	Niche ID Rama 2 P2	571.83	322	286.15	162	233.88	133	285.68	160	52.27	29
17	Niche ID Bangkae P1	676.27	434	514.90	330	498.89	320	161.37	104	16.00	10
18	Niche ID Serithai P1	691.25	455	645.18	420	638.97	416	46.07	35	6.21	4
19	Niche ID @ Pakred Station	1,398.21	857	277.91	174	0.00	-	1,120.30	683	277.91	174
20	Sena Eco Town	1,044.92	480	101.96	54	0.00	-	942.96	426	101.96	54
21	Niche Mono Ratchavipha	2,355.43	840	1,845.75	677	1,833.18	672	509.68	163	12.57	5
22	Niche Mono Bangna P3	184.80	42	98.88	23	89.44	21	85.92	19	9.44	2
23	Niche Mono Sukhumvit 50	1,154.40	434	869.66	307	0.00	-	284.74	127	869.66	307
24	Niche Pride Petchaburi	2,382.47	667	1,887.20	530	1,291.21	370	495.27	137	595.98	160
<b>Total vertical projects</b>		<b>13,586.79</b>	<b>6,903</b>	<b>8,625.52</b>	<b>4,312</b>	<b>6,120.25</b>	<b>3,165</b>	<b>4,961.27</b>	<b>2,591</b>	<b>2,505.27</b>	<b>1,147</b>
<b>JV project</b>											
25	Niche Mono Sukhumvit - Bearing	3,440.00	1,275	2,014.17	672	0.00	-	1,425.83	603	2,014.17	672
<b>Total JV project</b>		<b>3,440.00</b>	<b>1,275</b>	<b>2,014.17</b>	<b>672</b>	<b>0.00</b>	<b>-</b>	<b>1,425.83</b>	<b>603</b>	<b>2,014.17</b>	<b>672</b>
<b>Total</b>		<b>21,612</b>	<b>8,962</b>	<b>12,413.38</b>	<b>5,281</b>	<b>7,535.60</b>	<b>3,404</b>	<b>9,198.72</b>	<b>3,681</b>	<b>4,877.78</b>	<b>1,877</b>



## 2) Rental and services business

The Company and its subsidiaries have a policy to invest in diverse types of real estate for rent, including apartments for rent, warehouses for rent, community malls for rent, golf courses, etc., which can generate recurring income for them. Currently, they are operating five real estate for rent projects as follows:

- Two apartment projects for both monthly and daily rent include 1) Sena House Phaholyothin 30 Project located on Phahon Yothin Road, Soi 30, Bangkok, consisting of two buildings with a total of 159 rooms; and 2) Sena House Lamlukka Klong 2 Project situated at Lam Luk Ka Khlong 2, Pathum Thani Province, consisting of one building with 42 rooms, under the management of a subsidiary (VAM). As at December 31, 2017, the average occupancy rate of Sena House Phaholyothin 30 was 66% (for monthly rent only).
- Sena Warehouse Sukhumvit 50 offers 22 warehouses for rent, located on Sukhumvit 50 Road. Its occupancy rate stood at 75% as of December 31, 2017.
- Sena Fest Community Mall is located on Charoen Nakhon Road, Bangkok, offering a total leasable area of approximately 8,000 square meters. Its occupancy rate as at December 31, 2017 was 84% of the total leasable area.
- Pattaya Country Club is a golf course and hotel project located in Pattaya City, Chon Buri Province. The Company plans to further develop housing and condominium projects on land available for development in the golf course project.

The Company also is seeking to provide a comprehensive range of after-sales services in all residential projects of its group so as to deliver remarkable customer experience by putting in place a security system, creating a warm and pleasant community, offering management services for communal facilities and environment after ownership transfer of common areas to housing estate/condominium juristic persons, serving as a resale agent for Sena project residents, etc. To ensure maximum customer satisfaction under the concept “Integrating Customers Experience,” the Company will deliver integrated solutions in project management and customer servicing both before buying-decision and after sale of the housing units. As at December 31, 2017, a total of 36 contracts for 22 projects were executed in the form of juristic person/project management services under the management of VAM, consisting of

- Juristic Person for Sena Shop House Bangkae Project
- Juristic Person for Sena Avenue Bangkadee-Tiwanon Project
- Juristic Person for Sena Town Ramindra 1 Project
- Juristic Person for Sena Ville Ramindra Project
- Juristic Person for The Kith Tiwanon Project
- Juristic Person for Sena Shop House Lamlukka Klong 2 Project
- Juristic Person for S Ville Rangsit-Lamlukka Klong 4 Project
- Juristic Person for Sena Park Grand Ramindra Project
- Juristic Person for Sena Park Ville Ramindra Project
- Juristic Person for The Kith Lite Bangkadee-Tiwanon Project
- Juristic Person for The Kith Lamlukka Klong 2 Project
- Juristic Person for The Niche Mono Bangna Project
- Juristic Person for The Niche ID Bangkae Project
- Juristic Person for The Niche ID Rama 2 Project
- Juristic Person for The Niche Mono Ratchavipha Project
- Juristic Person for The Niche ID Serithai Project
- Juristic Person for The Niche ID Ladprao-Wanghin Project



- Juristic Person for Sena Shop House Sukhumvit 113 Project
- Juristic Person for Sena Ville Salaya Project
- Juristic Person for The Niche Pride Thonglor-Petchaburi Project
- Juristic Person for The Kith Plus Sukhumvit 113 Project
- Contract on parking building management and retail tenant management

Most of the condominium management service contracts are valid for about one year. Contract renewal is subject to the resolution of a meeting among residents of each project.

- Revenue structure of the Company and its subsidiaries in 2015-2017 was as follows:

Type of revenues	2015		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
1. Revenues from sales of real estate:						
- Horizontal: single house, townhome and commercial building	468.8	21.12	704.5	17.36	1,454.2	27.85
- Vertical: condominium	1,461.7	65.86	3,025.8	74.55	3,081.0	59.01
<b>Total revenues from sales of real estate</b>	<b>1,930.5</b>	<b>86.98</b>	<b>3,730.3</b>	<b>91.91</b>	<b>4,535.2</b>	<b>86.86</b>
2. Revenues from rental and services	224.7	10.12	238.4	5.87	347.4	6.65
3. Revenues from solar business	22.1	1.00	37.3	0.92	278.4	5.33
4. Other revenues	42.1	1.90	52.6	1.30	60.2	1.15
<b>Total revenues</b>	<b>2,219.4</b>	<b>100.00</b>	<b>4,058.6</b>	<b>100.00</b>	<b>5,221.2</b>	<b>100.00</b>

- Board of Directors and shareholders
  - The Board of Directors of the Company, according to the affidavit as of January 8, 2018, is composed of 12 members as follows:

Name	Position
1. Mr. Vichien Ratanabirabongse	Board Chairman and Independent Director
2. Mr. Chaiyos Hemarajata	Independent Director and Audit Committee Chairman
3. Mr. Kamol Thammanichanond	Independent Director and Audit Committee Member
4. Mr. Pramote Chotimongkol	Independent Director and Audit Committee Member
5. Mrs. Duangphorn Sucharittanuwat	Independent Director and Audit Committee Member
6. Pol. Gen. Achirawit Supanphesat	Independent Director
7. Mr. Samma Kitsin	Independent Director
8. Mr. Theerawat Thanyalakpark	Director and Chief Executive Officer
9. Miss Benyalak Thanyalakpark	Director and Deputy Chief Executive Officer
10. Miss Kesara Thanyalakpark	Director and Deputy Chief Executive Officer
11. Mrs. Weraporn Chaisiriyasawat	Director and Deputy Chief Executive Officer
12. Miss Umaporn Thanyalakpark	Director

Authorized signatories: Any two of the directors, namely Mr. Theerawat Thanyalakpark, Miss Benyalak Thanyalakpark, Miss Umaporn Thanyalakpark and Miss Kesara Thanyalakpark, are authorized to co-sign with the Company's seal affixed.

- Shareholders

As at August 28, 2017 (the latest closing date of shareholder register book), the Company had a registered capital of Baht 1,242,479,291 and an issued and paid-up capital of Baht 1,214,442,959, divided into 1,214,442,959 ordinary shares with a par value of Baht 1.00 per share. Details of the shareholders are as follows:

	Name	No. of shares (shares)	As % of total shares (%)
1.	Thanyalakpark Group <sup>1/</sup>		
	1. Mr. Theerawat Thanyalakpark	177,175,562	14.59
	2. Miss Kesara Thanyalakpark	173,798,810	14.31
	3. Miss Umaporn Thanyalakpark	139,307,033	11.47
	4. Miss Sriwarat Thanyalakpark	111,530,186	9.18
	5. Miss Chatpailin Thanyalakpark	935,646	0.08
	6. Miss Siwanan Thanyalakpark	787,544	0.06
	7. Mr. Boonchai Thanyalakpark	803	0.00
	8. Mr. Paramate Thanyalakpark	1	0.00
	9. Mr. Narathip Thanyalakpark	1	0.00
	10. Miss Benyalak Thanyalakpark	1	0.00
	11. Miss Panisa Thanyalakpark	1	0.00
	12. Miss Nichanand Thanyalakpark	1	0.00
	13. 2 <sup>nd</sup> Lt. Designate Kittisak Thanyalakpark	1	0.00
	14. Mr. Nattayuth Thanyalakpark	1	0.00
	15. Mr. Sakda Thanyalakpark	1	0.00
	16. Miss Natchaya Thanyalakpark	1	0.00
	<b>Total of Thanyalakpark Group</b>	<b>603,535,593</b>	<b>49.70</b>
2.	Mrs. Supaporn Chanseriwitthaya	57,000,000	4.69
3.	Mrs. Jindachaya Denpaisal	48,476,418	3.99
4.	Mrs. Srianong Kiratiwaranon	25,823,151	2.13
5.	Mr. Nattachart Kamsiritrakul	24,205,805	1.99
6.	Thai NVDR Co., Ltd.	19,898,338	1.64
7.	Chase Nominees Ltd.	17,948,965	1.48
8.	Mr. Kiattisak Traitrungrasana	16,615,029	1.37
9.	Mr. Pira Patamaworakulchai	15,937,500	1.31
10.	Mr. Abhisit Phanpruek	14,800,000	1.22
	<b>Total of 10 major shareholders</b>	<b>844,240,799</b>	<b>69.52</b>
11.	Other shareholders	370,202,160	30.48
	<b>Total</b>	<b>1,214,442,959</b>	<b>100.00</b>

Note: <sup>1/</sup> The purpose of the above grouping is to show the group of shareholders by family name and it does not mean that the persons in the same group are classified as persons under Section 258 of the Securities and Exchange Act or are deemed as a concert party.

- Summary of operating results and financial position

Table illustrating consolidated financial position and operating results of the Company and its subsidiaries for 2015 - 2017

Consolidated statements of financial position	As at December 31					
	2015 <sup>1/</sup>		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	250.37	3.08	270.55	3.54	847.31	7.89
Current investments	0.02	0.00	26.42	0.35	4.34	0.04
Trade and other current receivables	170.76	2.10	288.70	3.78	745.98	6.95
Inventories-net	5,462.74	67.14	4,726.31	61.92	6,372.16	59.37
Current income tax assets	-	-	0.13	0.00	0.32	0.00
<b>Total current assets</b>	<b>5,883.88</b>	<b>72.32</b>	<b>5,312.12</b>	<b>69.59</b>	<b>7,970.11</b>	<b>74.26</b>
<b>Non-current assets</b>						
Investments in associates and joint ventures	477.72	5.87	571.08	7.48	951.49	8.87
Pledged deposits at banks	97.50	1.20	67.18	0.88	76.29	0.71
Trade and other non-current receivables	36.79	0.45	22.24	0.29	21.97	0.20
Investment properties-net	778.25	9.57	775.15	10.15	756.73	7.05
Property, plant and equipment, net	850.41	10.45	875.48	11.47	935.80	8.72
Goodwill	6.50	0.08	6.50	0.09	6.50	0.06
Intangible assets	-	-	0.55	0.01	0.44	0.00
Deferred income tax assets	4.95	0.06	3.14	0.04	13.12	0.12
<b>Total non-current assets</b>	<b>2,252.11</b>	<b>27.68</b>	<b>2,321.33</b>	<b>30.41</b>	<b>2,762.35</b>	<b>25.74</b>
<b>Total assets</b>	<b>8,135.98</b>	<b>100.00</b>	<b>7,633.44</b>	<b>100.00</b>	<b>10,732.45</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Short-term loans from financial institutions	1,403.58	17.25	707.58	9.27	1,230.03	11.46
Trade and other current payables	530.35	6.52	486.54	6.37	1,191.19	11.10
Current portion of long-term liabilities	498.86	6.13	1,446.16	18.95	877.00	8.17
Short-term loans	63.13	0.78	46.34	0.61	41.26	0.38
Income tax payable	17.88	0.22	34.31	0.45	145.17	1.35
Estimated current liabilities	-	-	-	-	0.56	0.01
<b>Total current liabilities</b>	<b>2,513.80</b>	<b>30.90</b>	<b>2,720.92</b>	<b>35.64</b>	<b>3,485.22</b>	<b>32.47</b>
<b>Non-current liabilities</b>						
Long-term loans	2,030.36	24.96	807.00	10.57	2,405.00	22.41
Trade and other non-current payables	27.09	0.33	26.66	0.35	26.40	0.25
Deferred income tax liabilities	7.63	0.09	10.86	0.14	15.40	0.14
Estimated non-current liabilities - employee benefits	15.69	0.19	19.73	0.26	21.52	0.20
Estimated non-current liabilities	-	-	-	-	0.81	0.01
<b>Total non-current liabilities</b>	<b>2,080.77</b>	<b>25.57</b>	<b>864.25</b>	<b>11.32</b>	<b>2,469.12</b>	<b>23.01</b>
<b>Total liabilities</b>	<b>4,594.57</b>	<b>56.47</b>	<b>3,585.17</b>	<b>46.97</b>	<b>5,954.34</b>	<b>55.48</b>
<b>Shareholders' equity</b>						
Registered share capital	1,234.51		1,234.51		1,242.48	
Issued and paid-up share capital	1,138.51	13.99	1,142.14	14.96	1,214.44	11.32
Effect of business combination under common control	67.19	0.83	72.01	0.94	72.01	0.67
Premium on share capital	508.85	6.25	522.19	6.84	526.08	4.90
Retained earnings						
Appropriated						

Consolidated statements of financial position	As at December 31					
	2015 <sup>1/</sup>		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
Legal reserve	96.37	1.18	123.45	1.62	124.25	1.16
Share-based payment	10.07	0.12	13.66	0.18	33.02	0.31
Unappropriated	1,702.07	20.92	2,155.14	28.23	2,750.34	25.63
Other components of shareholders' equity	-	-	3.99	0.05	4.73	0.04
<b>Total shareholders' equity of parent</b>	<b>3,523.04</b>	<b>43.30</b>	<b>4,032.58</b>	<b>52.83</b>	<b>4,724.88</b>	<b>44.02</b>
Non-controlling interests	18.37	0.23	15.70	0.21	53.24	0.50
<b>Total shareholders' equity</b>	<b>3,541.41</b>	<b>43.53</b>	<b>4,048.28</b>	<b>53.03</b>	<b>4,778.11</b>	<b>44.52</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,135.98</b>	<b>100.00</b>	<b>7,633.44</b>	<b>100.00</b>	<b>10,732.45</b>	<b>100.00</b>

Note: <sup>1/</sup> The consolidated statements of financial position for 2015 were reclassified by the IFA to align with the financial statements for 2016-2017.

Consolidated statements of comprehensive income	For the year ended December 31					
	2015		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
Revenues from sales	1,930.51	86.98	3,730.28	91.91	4,535.23	86.86
Revenues from rental and services	224.73	10.13	238.42	5.87	347.39	6.65
Revenues from solar business	22.05	0.99	37.31	0.92	278.43	5.33
Other revenues	42.12	1.90	52.56	1.30	60.19	1.15
<b>Total revenues</b>	<b>2,219.40</b>	<b>100.00</b>	<b>4,058.57</b>	<b>100.00</b>	<b>5,221.24</b>	<b>100.00</b>
Costs of sales	1,137.25	51.24	2,103.36	51.83	2,760.63	52.87
Costs of rental and services	128.92	5.81	130.25	3.21	176.12	3.37
Costs of solar business	16.16	0.73	29.12	0.72	188.11	3.60
<b>Total costs of sales</b>	<b>1,282.32</b>	<b>57.78</b>	<b>2,262.73</b>	<b>55.75</b>	<b>3,124.86</b>	<b>59.85</b>
<b>Profit before expenses</b>	<b>937.08</b>	<b>45.16</b>	<b>1,795.83</b>	<b>86.55</b>	<b>2,096.37</b>	<b>101.03</b>
Selling expenses	269.90	12.16	471.08	11.61	595.36	11.40
Administrative expenses	289.58	13.05	327.38	8.07	383.34	7.34
Other expenses	14.00	0.63	15.91	0.39	18.26	0.35
<b>Total expenses</b>	<b>573.48</b>	<b>25.84</b>	<b>814.38</b>	<b>20.07</b>	<b>996.97</b>	<b>19.09</b>
Profit before finance costs, share of profit (loss) from investments in associates and joint ventures, and income tax	363.60	16.38	981.46	24.18	1,099.41	21.06
Finance costs	(55.29)	(2.49)	(83.95)	(2.07)	(57.05)	(1.09)
Share of profit (loss) from investments in associates and joint ventures	(10.63)	(0.48)	55.12	1.36	(41.57)	(0.80)
Profit before income tax	297.68	13.41	952.62	23.47	1,000.79	19.17
Income tax	(42.51)	(1.92)	(188.34)	(4.64)	(226.56)	(4.34)
<b>Profit for the year</b>	<b>255.17</b>	<b>11.50</b>	<b>764.29</b>	<b>18.83</b>	<b>774.23</b>	<b>14.83</b>
Other comprehensive income						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Profit from remeasurement of defined employee benefits	1.99		-		2.54	
Other components of other comprehensive income	1.19		1.17		0.74	
<b>Including items that will not be reclassified subsequently to profit or loss</b>	<b>3.18</b>		<b>1.17</b>		<b>3.28</b>	

Consolidated statements of comprehensive income	For the year ended December 31					
	2015		2016		2017	
	Baht million	%	Baht million	%	Baht million	%
Other comprehensive income for the year-net of tax	3.18		1.17		3.28	
<b>Total comprehensive income for the year</b>	<b>258.35</b>		<b>765.45</b>		<b>777.51</b>	
Profit attributable to:						
Equity holders of parent	253.88		762.55		742.49	
Non-controlling interests	1.29		1.74		31.74	
	255.17		764.29		774.23	
Basic earnings per share (Baht/share)	0.29		0.67		0.63	
Weighted average number of ordinary shares (shares)	864.09		1,141.01		1,185.73	

*Consolidated statements of cash flow*

Unit: Baht million	2015	2016	2017
Net cash provided by (used in) operating activities	(402.26)	1,732.60	119.19
Net cash provided by (used in) investing activities	(440.01)	(119.33)	(509.22)
Net cash provided by (used in) financing activities	705.13	(1,593.09)	966.77
<b>Net increase in cash and cash equivalents</b>	<b>(137.14)</b>	<b>20.18</b>	<b>576.74</b>
Cash and cash equivalents at beginning of year	<b>387.50</b>	<b>250.37</b>	270.55
Cash and cash equivalents of subsidiaries as at purchase date	-	-	0.01
<b>Cash and cash equivalents at end of year</b>	<b>250.37</b>	<b>270.55</b>	<b>847.31</b>

Note: The consolidated financial statements for 2015 were audited by Mr. Jirote Sirirorote, CPA Registration No. 5113, and for 2016-2017 by Mr. Jadesada Hungsapruet, CPA Registration No.3759, both of whom are auditors of Karin Audit Co., Ltd. and approved by the Office of the Securities and Exchange Commission.

*Key financial ratios*

Financial ratios	2015	2016	2017
<b>Liquidity Ratio</b>			
Current ratio (time)	2.34	1.95	2.29
Quick ratio (time)	0.17	0.22	0.46
Cash flow liquidity ratio (time)	(0.13)	0.66	0.04
Accounts receivable turnover ratio (time)	108.83	176.33	60.04
Average collection period (day)	3.31	2.04	6.00
Inventory turnover ratio (time)	0.28	0.41	0.50
Average selling period (day)	1,272.72	871.95	723.65
Accounts payable turnover ratio (time)	2.77	4.45	3.73
Average repayment period (day)	129.92	80.89	96.64
Cash cycle (day)	1,146.10	793.10	633.00
<b>Profitability Ratio</b>			
Gross profit margin (%)	41.10	43.52	39.45
Operating profit margin (%)	16.38	24.18	21.06
Cash to operating profit ratio (%)	(110.63)	176.53	10.84
Net profit margin (%)	11.44	18.79	14.22
Return on equity (%)	8.08	20.18	16.96
<b>Efficiency Ratio</b>			
Return on assets (%)	3.94	9.69	8.43
Return on fixed assets (%)	21.11	50.41	49.98

<b>Financial ratios</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Asset turnover (time)	0.34	0.51	0.57
<b><u>Financial Policy Ratio</u></b>			
Debt to equity ratio (time)	1.30	0.89	1.25
Interest coverage ratio (time)	(4.89)	23.61	3.11
Commitment coverage ratio (time)	(0.13)	0.41	1.00
Dividend payout (%)	39.84	39.91	38.36
<b><u>Per share information</u></b>			
Book value per share (Baht/share)	3.11	3.54	3.93
Number of shares (million shares)	1,138.51	1,142.14	1,214.44

- *Analysis of operating results and financial position*

### **Operating results in 2015-2017**

#### **Revenues**

The Company and its subsidiaries recorded total revenues in 2015-2017 of Baht 2,219.4 million, Baht 4,058.6 million and Baht 5,221.2 million respectively. The revenues primarily came from sales of horizontal and vertical residential real estates, accounting for 87.0%, 91.9% and 86.9% of total revenues respectively. Total revenues grew by Baht 1,839.2 million and Baht 1,162.6 million or 82.9% and 28.6% in 2016 and 2017 respectively. Revenues increased consistently in all groups of business of the Company, comprising revenues from sales of horizontal and vertical residences and revenues from rental and services from golf course business and solar business.

#### **Revenues from sales**

The Company and its subsidiaries recorded revenues from sales in 2015-2017 of Baht 1,930.5 million, Baht 3,730.3 million and Baht 4,535.2 million respectively, which increased by Baht 1,799.8 million or 93.2% in 2016 and Baht 804.9 million or 21.6% in 2017. Such sales revenues consisted of revenues from sales of horizontal projects of Baht 468.8 million, Baht 704.5 million and Baht 1,454.2 million and revenues from sales of vertical projects of Baht 1,461.7 million, Baht 3,025.8 million and Baht 3,081.0 million in 2015-2017 respectively.

The increase in sales revenues in 2016 was attributed mainly to a surge in revenues from sales of condominiums of Baht 1,564.1 million or 107.0% from 2015 following the handover of condominium units to customers in the second and the third quarters of 2016. Revenues from sales of condominiums in 2016 totaling Baht 3,025.8 million were derived from nine projects, five of which were under The Niche brand consisting of The Niche Mono Bangna, The Niche Mono Ratchavipha, The Niche ID Rama 3, The Niche ID Bangkae and The Niche ID Serithai with total revenues recognized of Baht 2,461.7 million, and four under The Kith brand comprising The Kith Klom Luang, The Kith Tiwanon, The Kith Klom 2 and The Kith Lite Bangkadee with total revenues recognized of Baht 546.2 million. Revenues from sales of vertical projects rose by Baht 235.7 million.

The increase in sales revenues in 2017 resulted chiefly from growth in revenues from sales of horizontal projects, which were single houses, townhomes and commercial buildings, of Baht 749.7 million or 106.4% compared with 2016. The Company and its subsidiaries brought in revenues from ownership transfers of horizontal projects of Baht 769.8 million, mostly from transfers of single houses in five Sena Park Ville and Sena Ville Projects with total revenues recognized of Baht 550.7 million and five townhome/commercial building projects of Baht 152.5 million. They also earned revenues from sales of land of Baht 684.4 million and recorded an increase in revenues from sales of vertical projects of Baht 55.2 million or 1.8% from 2016, with revenues from The Niche brand of Baht 2,409.0 million and The Kith of Baht 576.8 million.



### **Revenues from rental and services**

Revenues from rental and services of the Company and its subsidiaries in 2016-2017 amounted to Baht 224.7 million, Baht 238.4 million and Baht 347.4 million respectively, representing an increase of Baht 13.7 million or 6.1% in 2016 and Baht 109.0 million or 45.7% in 2017.

The increase in revenues from rental and services in 2016 stemmed primarily from an increase in revenues from golf course services. Revenues from rental and services were composed of revenues from rental and services from Sena Fest Community Mall of Baht 92.7 million, revenues from golf course services of Baht 78.2 million, and revenues from apartment rental and services and revenues from warehouse rental of Baht 67.5 million.

The increase in revenues from rental and services in 2017 chiefly sprang from an increase in revenues from project management services. Revenues from rental and services consisted of revenues from project management services of Baht 102.4 million, revenues from rental and services from Sena Fest Community Mall of Baht 91.7 million, revenues from golf course services of Baht 78.1 million, and revenues from apartment rental and services and revenues from warehouse rental of Baht 75.2 million.

### **Revenues from solar business**

The Company and its subsidiaries have invested in renewable energy business and operated solar farm, solar rooftop and solar panel installation businesses since early 2015. They recorded revenues from solar business in 2015-2017 of Baht 22.1 million, Baht 37.3 million and Baht 278.4 million respectively, soaring by Baht 15.2 million or 68.8% in 2016 and Baht 241.1 million or 646.4% in 2017. The surge in revenues from solar business in 2017 was attributed to provision of 6 MW solar panel installation services for six branches of Home Product Center Plc.

### **Other revenues**

The Company and its subsidiaries recorded other revenues in 2016-2017 of Baht 42.1 million, Baht 52.5 million and Baht 60.2 million respectively, comprising revenues from agreement cancellation, gains on sales of assets, interest income, etc.

### **Costs of sales**

Costs of sales were comprised of costs of sales of residences, costs of apartment for rent projects, costs of sales of Sena Fest Community Mall Project, costs of sales of golf course business, and costs of sales of solar business. The Company and its subsidiaries recorded costs of sales of Baht 1,282.3 million, Baht 2,262.7 million and Baht 3,124.9 million in 2015-2017 respectively, representing 58.9%, 56.5% and 60.5% of revenues from sales and services, with a gross profit margin of 41.1%, 43.5% and 60.5% in 2015-2017 respectively.

Costs of sales of residences were Baht 1,137.2 million, Baht 2,103.4 million and Baht 2,760.6 million in 2015-2017 respectively, accounting for 58.9%, 56.4% and 60.9% of revenues from sales of residences respectively. However, costs of sales of residences in 2017 included costs of sales of vacant land of Baht 585.8 million, which led the percentage of costs of sales of horizontal residences to edge up from 56.4% in 2016 to 60.9% in 2017. If excluding such costs of sales of vacant land, the Company and its subsidiaries will record costs of sales of horizontal residences of 56.5% of revenues from sales of residences, which demonstrated the Company's ability to manage costs of sales of residences at about the same level all along.

Costs of rental and services in 2015-2017 amounted to Baht 128.9 million, Baht 130.3 million and Baht 176.1 million or 57.4%, 54.6% and 50.7% of revenues from rental and services respectively,

representing a continuous decline due to efficient cost management, with a gross profit margin of 42.6%, 45.4% and 49.3% in 2015-2017 respectively.

Costs of solar business in 2015-2017 amounted to Baht 16.2 million, Baht 29.1 million and Baht 188.1 million, constituting 73.3%, 78.0% and 67.6% respectively. The surge of Baht 159.0 million in costs of solar business in 2017 against the drop in percentage of costs to revenues was because, in 2017, the Company installed solar rooftops for six HomePro branches. Solar business generated a gross profit margin of 26.7%, 22.0% and 32.4% in 2015-2017 respectively.

### **Gross profit**

In 2015-2017, the Company and its subsidiaries generated a gross profit of Baht 895.0 million, Baht 1,743.3 million and Baht 2,036.2 million with a gross profit margin of 41.1%, 43.5% and 39.5% respectively. The increase in gross profit margin in 2015-2016 was ascribed to effective cost management by the Company and its subsidiaries through economies of scale achieved from joint planning on procurement of construction and decoration materials for many residential projects and change of contractor selection method from a bidding process to hiring based on the budget determined by the Company. The drop in gross profit margin in 2017 was due to a decline in gross profit margin of the residential business. Taking into account only gross profit margin from sales of residences and excluding costs of sales of vacant land in 2017, the Company would record a gross profit margin of 43.5%, thereby suggesting that its gross profit margin stayed at about the same level every year.

### **Costs of distribution and administrative expenses**

Costs of distribution and administrative expenses included personnel expenses, advertisement and sales promotion expenses, depreciation expenses, management remuneration, etc. In 2015-2017, costs of distribution and administrative expenses amounted to Baht 573.5 million, Baht 814.4 million and Baht 997.0 million respectively, rising by Baht 240.9 million or 42.0% in 2016 and Baht 182.6 million or 22.4% in 2017. The proportion of costs of distribution and administrative expenses to total revenues was equal to 25.8%, 20.1% and 19.1% in 2015-2017 respectively.

The continuous increase in costs of distribution and administrative expenses principally came from an increase in salaries, bonuses and business management expenses. The Company recruited additional employees, including a project engineer team, a sales team and a quality control team, to gear up for business expansion through launch of new projects and joint venture with Hankyu Realty (Japan) since late 2016. There was also spending on sales promotion and advertising campaigns to boost sales. At the same time, the decrease in proportion of costs of distribution and administrative expenses to total revenues in 2016 and 2017 resulted from ongoing growth in revenues of the Company and its subsidiaries.

### **Net profit**

The Company and its subsidiaries posted a net profit (attributable to owners of the parent) of Baht 253.9 million, Baht 762.6 million and Baht 742.5 million in 2015-2017 respectively, a surge of Baht 508.7 million or 200.4% in 2016 and a drop of Baht 20.1million or 2.6% in 2017, representing a net profit margin of 11.4%, 18.8% and 14.2% respectively. The strong growth in net profit in 2016 was contributed by an increase in revenues from sales of vertical and horizontal residences coupled with efficiency in management of costs of sales and control of costs of distribution and administrative expenses. For 2017, the net profit fell slightly due to higher expenses on public relations and business management.

### **Financial position as at December 31, 2015-2017**

The Company and its subsidiaries recorded total assets as at the end of 2015-2017 of Baht 8,136.0 million, Baht 7,633.4 million and Baht 10,732.4 million respectively, decreasing by Baht 502.5 million or 9.7% as at the end of 2016 and soaring by Baht 3,099.0 million or 50.0% as at year-end 2017. The major assets were inventories-net, largely composed of land held for development, land used for project development, land development cost, land and club house, public utilities, cost of construction, management fee, borrowing cost, expenses for contacting with government agencies, and other expenses. Inventories were expressed in a net amount after deduction of the portion transferred to costs of sales and allowance for impairment.

Inventories amounted to Baht 5,462.7 million, Baht 4,726.3 million and Baht 6,372.2 million or 67.1%, 61.9% and 59.4% of total assets as at the end of 2015-2017 respectively, followed by property, plant and equipment-net which accounted for Baht 850.4 million, Baht 875.5 million and Baht 935.8 million or 10.5%, 11.5% and 8.7% of total assets as at the end of 2015-2017 respectively, and investment properties which were Baht 778.3 million, Baht 775.2 million and Baht 756.7 million or 9.6%, 10.2% and 7.1% of total assets as at the end of 2015-2017 respectively.

The decrease in total assets as at year-end 2016 resulted mainly from a drop in inventories-net of Baht 736.4 million following ownership transfers of condominium units in The Niche Mono Ratchavipha and The Kith Suankulap-Tiwanon projects, net of an increase in inventories of projects under development such as The Niche Mono Sukhumvit 50 and The Kith Plus Sukhumvit 113. It was also caused by a decrease in land held for development of Baht 58.0 million which stemmed from the use of land held for development, comprising land at Sukhumvit 50, Sukhumvit 113 Phase 1 and Bangkadee Phase 2, to develop projects in an amount of about Baht 330.4 million and the purchase of additional land, comprising land at Tiwanon and Ramindra Km.9, in an amount of Baht 272.4 million. At the same time, trade and other current receivables rose by Baht 117.9 million in line with the revenue growth. Investments in joint ventures grew by Baht 93.4 million due to additional investment in Sena Hankyu 1 Co., Ltd. of Baht 37.8 million and an increase in recognition of interests in B. Grimm Sena Solar Power Co., Ltd. of Baht 56.9 million, with a drop in recognition of interests in Aspiration One Co., Ltd. of Baht 1.4 million.

The increase in total assets as at year-end 2017 was chiefly attributed to an increase in inventories-net of Baht 1,645.9 million, resulting from 30 projects under development such as The Niche Mono Sukhumvit 50, The Niche ID Bangkadee-Terdthai, The Niche ID @ Pakkret Station, The Niche Mono Tiwanon, The Kith Plus Phaholyothin-Khukot, etc. Moreover, land held for development increased by Baht 930 million, springing from the purchase of additional land of Baht 1,748.3 million, comprising land at Sukhumvit 63, Lamlukka Klong 2, Bangkadee and Sriracha, and the use of land held for development to develop projects of about Baht 818.3 million, comprising land at Tiwanon (front plot), Bangkadee Phase 2, Lamlukka-Khukot, Sukhumvit 113 (remaining), Bangkadee-Terdthai, Ramindra Km.9 and Tiwanon (Ministry of Public Health). Moreover, cash and cash equivalents increased by Baht 576.76 million, trade and other current receivables by Baht 457.3 million, and investments in joint ventures by Baht 380.4 million due to additional investments and recognition of interests in joint ventures. Meanwhile, investment properties-net declined by Baht 18.4 million as a result of depreciation according to useful life of assets.

The Company and its subsidiaries recorded total liabilities as at the end of 2015-2017 of Baht 4,594.6 million, Baht 3,585.2 million and Baht 5,954.3 million respectively, decreasing by Baht 1,009.4 million or 22.0% as at year-end 2016 and increasing by Baht 2,369.2 million or 66.1% as at year-end 2017. Major items of the liabilities were current liabilities which amounted to Baht 2,513.8 million, Baht 2,720.9 million and Baht 3,845.2 million or 54.7%, 75.9% and 58.5% of total liabilities as at the end of 2015-2017 respectively, and non-current liabilities which accounted for Baht 2,080.8 million, Baht 864.3 million and Baht 2,469.1 million or 45.3%, 24.1% and 41.5% of total liabilities as at the end of 2015-2017 respectively.

Current liabilities as at the end of 2016 increased by Baht 207.1 million, caused mainly by a rise in current portion of debentures of Baht 1,200 million, an increase in current portion of long-term promissory notes of Baht 115.5 million, maturity of short-term promissory notes of Baht 696.0 million, and repayment of long-term loans from financial institutions of Baht 368.1 million. At the same time, non-current liabilities dropped by Baht 1,216.5 million, stemming from reclassification of current portion of debentures of Baht 1,200 million and repayment of long-term loans from financial institutions of Baht 30.3 million, with an increase in long-term promissory notes of Baht 7 million. However, the Company was still able to maintain the debt to equity ratio at 0.89 times.

As at the end of 2017, current liabilities rose by Baht 764.3 million, ascribed primarily to an increase in trade and other current payables of Baht 704.6 million. Non-current liabilities went up by Baht 1,604.9 million, due to issuance of debentures of Baht 2,400 million and repayment of matured debentures of Baht 1,200 million. The Company could maintain the debt to equity ratio at 1.3: 1, which did not exceed 1.5: 1.

Total shareholders' equity of the Company and its subsidiaries stood at Baht 3,541.4 million, Baht 4,028.3 million and Baht 4,778.1 million as at the end of 2015-2017 respectively, growing by Baht 506.9 million or 14.3% as at year-end 2016 and by Baht 729.8 million or 18.0% as at year-end 2017. The steady increase in shareholders' equity was ascribed to growth in retained earnings derived from net profit consistently earned from business operation. In 2015-2017, the Company and its subsidiaries paid dividend to shareholders in the amount of Baht 56.5 million, Baht 279.6 million and Baht 77.6 million respectively.

## **2.3 Industry situation relating to the Company's business**

### **Overview of real estate business**

Real estate business plays a crucial role in the economic system as it relates to various industries such as construction, construction materials, labor, financial sector, etc. The Fiscal Policy Office, Ministry of Finance, forecast Thai GDP growth for 2017 at 4.0%, outperforming 2016's growth of 3.2%. The main driving factor was the continued recovery in exports and tourism in tandem with trade partners' economic expansion. Export growth was seen in numerous product categories and in almost all markets, while revenues from tourism sector continuously improved in line with number of foreign visitors to Thailand which reached 35.4 million persons in 2017. As well, private sector spending expanded consistently, with growth in private sector consumption underpinned by rising labor income in the export-oriented manufacturing and tourism sectors and also by the government's assistance measure for low-income earners through state welfare scheme and tax incentive measure to stimulate spending in late 2017. Private sector investments began to recover from 2017, which was consistent with a rise in industrial confidence index as propelled by clarity of the government sector policy implementation such as infrastructure investments and enactment of the Eastern Economic Corridor Act, along with continued stimulation from the government sector. On the side of domestic economic stability, headline inflation in 2017 stayed at a low level of 0.7%, going up from 2016 due to an improvement of domestic demand and a rising trend of world crude oil prices.

Thai economic stability remained strong, as evident from headline inflation rate in 2017 of 0.7% which edged up from 2016 in line with a recovery in domestic demand and a rising world crude oil price trend. As for external stability, current account surplus amounted to USD 48.3 billion, representing 10.8% of GDP, as trade balance was anticipated to post a surplus of USD 31.2 billion in accordance with an expected expansion rate of import value at 14.7% and export value at 9.7%.

The Land and House Price Index, Land and Townhouse Price Index, Condominium Price Index, and Land Price Index, constructed by the Bank of Thailand based on commercial banks' database on loans secured by residential properties, have been on a rise. The Land and House Price Index in 2013-2017 was at 119.0%, 125.8%, 129.0%, 130.8% and 130.9% respectively. The Land and Townhouse Price Index in 2013-2017 was at 117.8%, 129.4%, 135.0%, 137.6% and 141.2%

respectively. The Condominium Price Index in 2013-2017 was at 132.1%, 143.8%, 155.6%, 166.2% and 171.0% respectively. The Land Price Index in 2013-2017 was at 129.2%, 141.4%, 157.2%, 171.2% and 171.7% respectively. In 2017, the Condominium Price Index grew by the sharpest rate in line with the yearly increase in land prices in Bangkok and surrounding areas.

**Table showing number of residences newly registered in Bangkok and its vicinities and the Land and House Price Index, Land and Townhouse Price Index, Condominium Price Index and Land Price Index in 2013-2017**

<b>Unit: Property units</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Housing estate	37,577	33,935	33,827	31,742	30,834
Flat and condominium	71,440	75,058	67,628	72,886	59,791
Owner-built house	23,285	24,446	22,375	21,915	20,407
<b>Total</b>	<b>132,302</b>	<b>133,439</b>	<b>123,830</b>	<b>126,543</b>	<b>111,032</b>
Land and House Price Index	119.0	125.8	129.0	130.8	131.4
Land and Townhouse Price Index	117.8	129.4	135.0	137.6	142.2
Condominium Price Index	132.1	143.8	155.6	166.2	172.5
Land Price Index	129.2	141.4	157.2	171.2	173.5

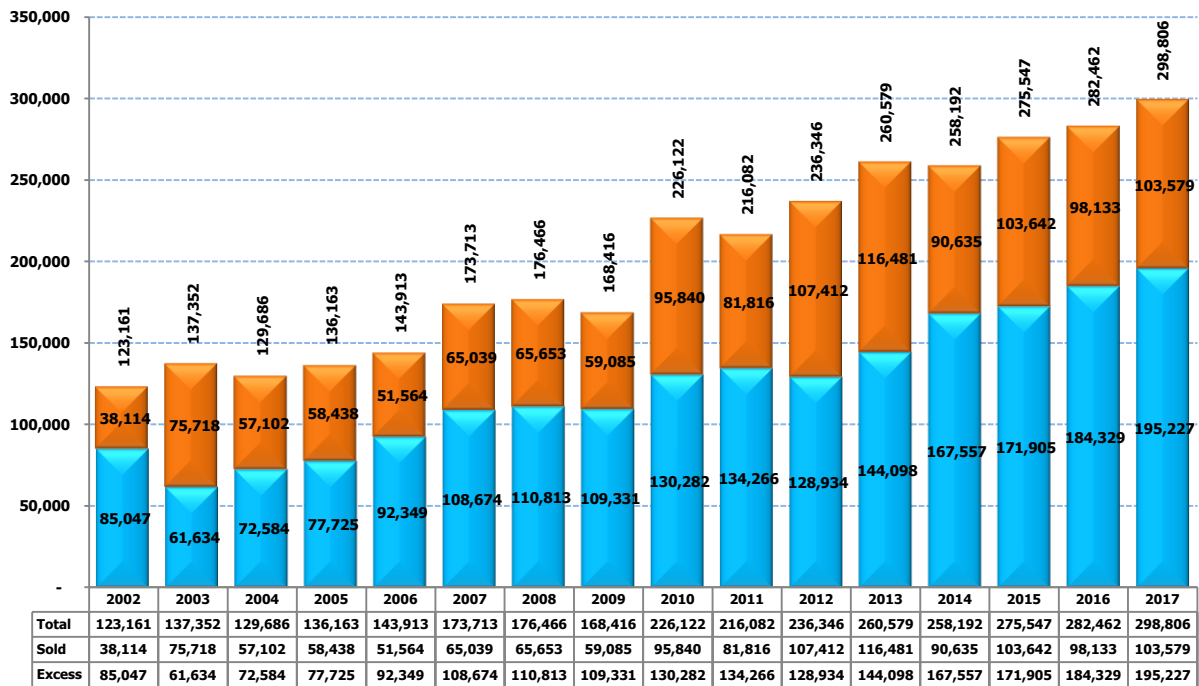
Source: Bank of Thailand

### **Residential real estate industry situation**

Based on the report of Agency for Real Estate Affairs Co., Ltd. (“AREA”) on the overview of residential properties in Bangkok and its vicinities in 2017, a total of 402 new projects were launched, which dropped from 453 projects in 2016 by 51 projects or 11%. The total value of projects was Baht 441.661 billion, an increase of Baht 59.551 billion or 16% from Baht 382.110 billion recorded in 2016. Ranking top among the newly launched projects were condominiums, townhouses and single houses respectively.

The average selling price per unit in residential market in 2017 was Baht 3.86 million, increasing by 12% from Baht 3.46 million in 2016. The number of units sold in 2017 totaled 114,477 units, up by 4% from 110,557 units sold in 2016. As for the cumulative supply at the end of 2017, there was an excess supply of 195,227 units, rising by 6% from 184,329 units at the end of 2016.

Chart illustrating number of units sold and excess supply of residences in 2002-2017



Source: Agency for Real Estate Affairs Co., Ltd.

Note: Total supply (number of residences ready for sale) is the excess supply of the previous year and number of supply newly launched each year. Number of units sold is the number of residences sold in each year. Excess supply is the number of residences waiting for sale in each year which includes single-detached house, duplex house, townhouse, condominium, commercial building, and developed land.

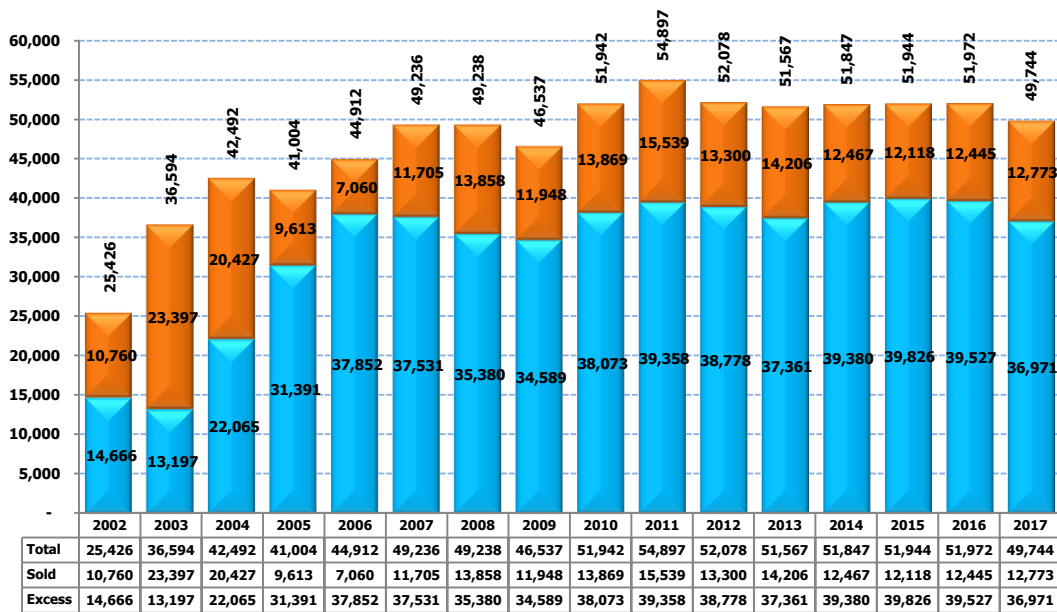
The residential real estate development can be divided into two types, i.e. horizontal property (single-detached house, duplex house and townhouse) and vertical property (condominium).

*Horizontal property (single-detached house and townhouse)*

The horizontal property development in 2017 was comprised of single-detached house and townhouse. Total number of single-detached houses sold was 12,773 units, while the total number of townhouses sold was 27,545 units. Total number of single-detached houses launched in 2017 was 10,217 units and total number of townhouses launched in such period was 35,462 units. The cumulative excess supply of single-detached houses in 2017 was 36,971 units, dropping by 6% from 39,527 units at year-end 2016, while the cumulative excess supply of townhouses was 62,571 units, increasing 14% from 54,654 units at the end of 2016.

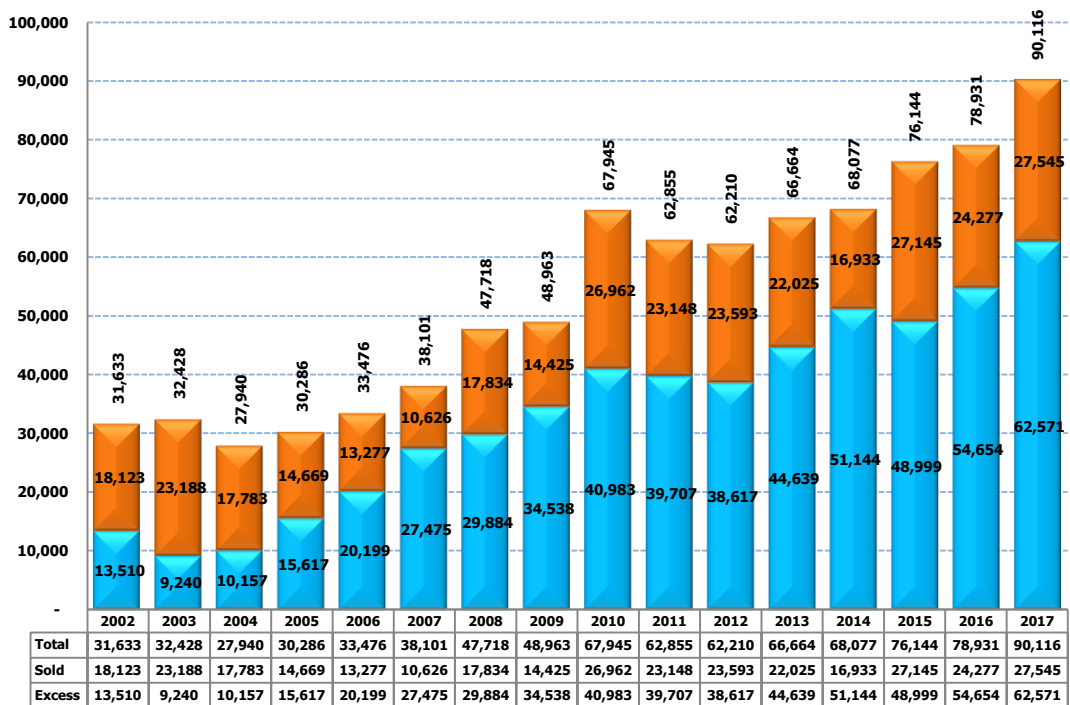


Chart illustrating total number of single-detached houses available for sale and number of units sold



Source: Agency for Real Estate Affairs Co., Ltd.

Chart illustrating total number of townhouses available for sale and number of units sold

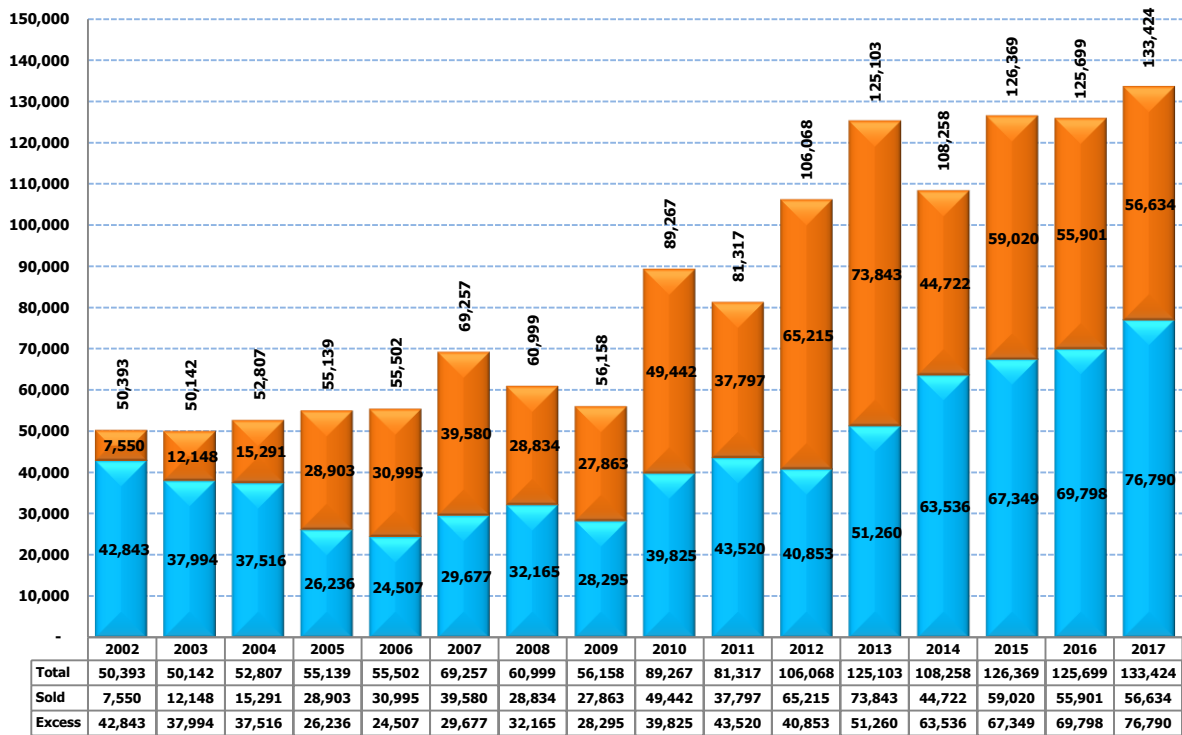


Source: Agency for Real Estate Affairs Co., Ltd.

*Vertical property (condominium)*

In 2017, vertical property, i.e. condominium, remained the top-ranking type of property with the highest number of units offered for sale. There were a total of 63,626 units available for sale, a total of 56,634 units sold, and cumulative excess supply of 76,790 units, which increased by 10% from 69,798 units as at the end of 2016.

Chart illustrating total number of condominium units available for sale and number of units sold



Source: Agency for Real Estate Affairs Co., Ltd.

AREA forecasts that Thai real estate market in 2018 will continue to grow in the same direction as in 2017. Number of new units offered for sale will be close to that in 2017, while the overall value of projects will still increase due to saleability of upscale properties. However, there is still no control over supply and large developers can themselves mobilize funds to launch new projects via debenture issuance, enabling them to carry a lower finance cost than small developers and, hence, resulting in an ongoing increase in the cumulative supply.

### 3. Reasonableness of the transaction

#### 3.1 Objective and necessity of the transactions

##### 3.1.1 Purchase of land from PCC with a total area of 45-3-18.40 rai located in Pattaya Country Club & Resort Project, Chon Buri Province

The Company will purchase land from PCC, consisting of 111 small plots covering a total area of 45-3-18.40 rai or 18,318.40 square wah, with the right of way to enter and exit the land. The land is in Pattaya Country Club & Resort Project, Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province. It is a large-scale project for recreational and residential purposes, comprising *golf course zone* which includes Pattaya Country Club golf course, a club house, vacant land and a lagoon, and *residential zone* which consists of single-level resorts, vacant land around the golf course for sale, and small vacant land lots. The project covers a total area of about 2,119-3-81 rai under the management of PCC. Project development started in 1992 and commercial operation was launched in 1995.

PCC, which is a connected person of the Company, has no intention to develop any new project on such land or to operate any business in competition with the Company. Moreover, the land to be acquired by the Company from PCC is part of the land specified in the Business Contract under which PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. The Company has accordingly considered purchasing the land for development into a horizontal property project in line with its 2018 business plan in a bid to expand its horizontal project portfolio as planned. The Company intends to develop a single-level detached house project of 110 units each on a large land area of 146.60 - 286.90 square wah, complete with a club house to cater to its residents, for sale at an average price of Baht 5.0 million - Baht 8.5 million per unit. It is designed to be a residential property nestled in Pattaya Country Club golf course project, providing a natural ambience with the greenery of the golf course and a large lagoon that can allow for families to relax in a tranquil natural atmosphere.

This will be the Company's first property project in the upcountry. The Company envisions the potential of such land since it is in the area of the Eastern Economic Corridor (EEC), which is a government-initiated project to upgrade three eastern coastal provinces consisting of Rayong, Chon Buri and Chachoengsao into a special economic zone where the targeted economic activities will be permitted under relaxation of laws or regulations which are an obstacle to trade and investment in the normal areas. Investors in the EEC zone will be granted numerous investment incentives. The government sector will also allocate resources exclusively to the EEC, including continuous investment in infrastructure. As such, Pattaya area will become a large employment zone, with additional communities and stronger economic condition as promoted by the government sector, thus relatively leading to growing residential demand. Therefore, this is a good opportunity for the Company to develop a real estate project in line with the urban expansion in order to fulfill housing demand of both local and non-local residents, as propelled by an increase in employment and public utilities.

Furthermore, the land purchase price of Baht 87,914,009.21, which is based on the value specified in the Business Contract, is considered reasonable since it is lower than the average market value appraised by the two independent valuers by about 40.45%, thus giving the project a competitive edge in terms of pricing. With a lower land cost and all-in cost compared with land purchase at market price, the project will generate a gross profit higher than that earned by the Company from its other horizontal projects of the same grade, and will also bring in a favorable rate of return for the Company.

### 3.1.2 Purchase of land from Mrs. Nidda and Sirinthip with a total area of 12-2-79.90 rai located in Sena Grand Home Project, Pathum Thani Province

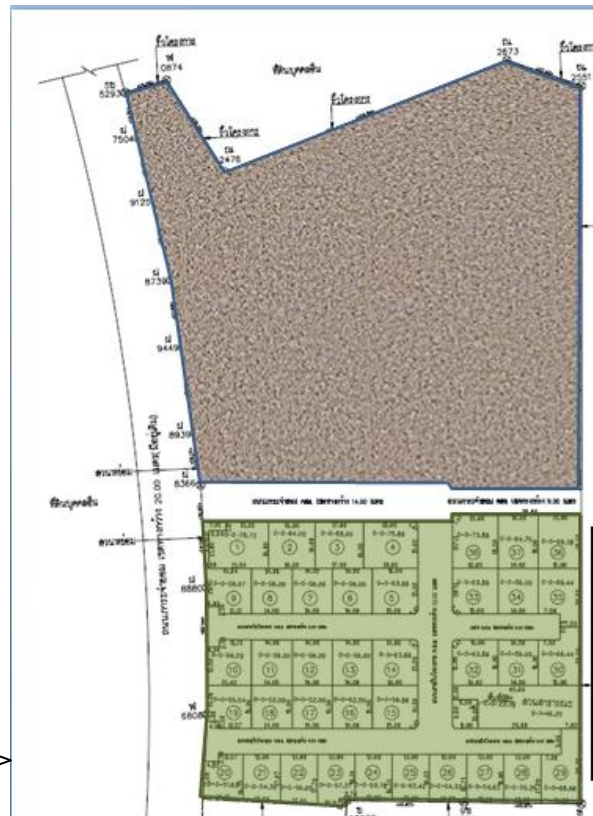
The Company will purchase land from Mrs. Nidda and Sirinthip, consisting of two plots: one plot of 11-3-4.50 rai from Mrs. Nidda and one plot of 0-3-75.20 rai from Sirinthip. The two plots of land are connecting, located in Sena Grand Home Project, Bang Bua Thong - Bang Phun Road, Pathum Thani Province. Sena Grand Home is a residential project developed by the Company during 2009-2012, offering twin and single houses in four zones for sale at Baht 3 million - Baht 7 million per unit. Neither Mrs. Nidda nor Sirinthip has any intention to develop any new project on such land or to operate any business in competition with the Company. Besides, the two plots of land are part of the land specified in the Memorandum of Agreement between the Company and Sirinthip dated April 3, 2006 and the Memorandum of Agreement between the Company and Mrs. Nidda dated July 3, 2017 (the objective of which is for Mrs. Nidda to assume the obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip dated April 3, 2006 as a consequence of the restructuring of land ownership of Sirinthip and the transfer of a parcel of land of Sirinthip to Mrs. Nidda) to limit the rights of Sirinthip and Mrs. Nidda to engage in the business of land development or house construction for sale and not to purchase any additional land or limit the rights to sell the land owned by Sirinthip or Mrs. Nidda. The Company envisages the potential for property development in the area where such land is located since it is the zone where the Company has successfully developed a horizontal housing project in the brand of Sena Grand Home. Therefore, the Company has considered purchasing the land for horizontal project development in line with its 2018 business plan to broaden its customer base from the mid-end to low-end market to the upper-middle to high-end segment so as to diversify its business risk. The Company will develop Sena Grand Home Phase 5 Project, offering about 88 units of single detached houses each with a land area of 60 - 100 square wah at an average price of Baht 7 million - Baht 13.5 million per unit.

The land to be acquired in this transaction is adjacent to the land earlier purchased by the Company as approved by the Board of Directors' Meeting No. 5/2017 held on August 11, 2017, whereby the Company was approved to purchase part of the land in front of Sena Grand Home Project from Mrs. Nidda, with an area of 8-0-28.80 rai at a sale and purchase price of Baht 26,000 per square wah (determined from negotiation between the seller and the buyer and equal to the lowest of the appraised prices by two independent valuers). Later, the Board of Directors' Meeting No. 1/2018 held on January 29, 2018 granted approval for the Company to acquire land next to the first lot purchased from Sirinthip, with an area of 32.6 square wah at a sale and purchase price of Baht 15,000 per square wah (equal to the appraised price by an independent valuer<sup>6</sup>), making up a total area of 8-0-61.40 rai for development of Sena Grand Home Project. The Company's marketing and business development team conducted a study on market and customer demand and found that people in that area required a single detached house next to the main road with a large land lot and at an affordable price. Currently, the Company has already registered a transfer of ownership over such land.

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<sup>6</sup> The independent valuer appraised the land based on the use of such land as an entrance-exit.

### Map of land to be acquired for development of Sena Grand Home Project



Before this land purchase, the Company already owned 8-0-61.4 rai of land on which 38 housing units can be built.



Combined with the land to be acquired in this transaction of 12-2-79.7 rai, the total land area for project development will be 20-3-41.1 rai, which is sufficient for building 88 housing units for sale, together with larger and more complete facilities.

Before considering purchasing additional land in this transaction, the Company planned to develop a single detached house project of 38 medium-sized units each with a land area of 50 - 60 square wah, with a garden of around 156 square wah in the project. From a study conducted later, the Company found that if it acquires additional land next to the existing plot for development into one



larger project, it will be able to partially allocate bigger land lots each of more than 60 square wah to build a house with a more spacious function area to serve the target group that desires a large plot of land, thus helping to broaden its customer base from the mid-end to low-end market to the upper-middle to high-end segment. The Company will also be able to offer larger and more complete facilities in the project, including a garden of about 343 square wah, a club house of approximately 480 square meters, and a swimming pool. These will make the project more attractive and more competitive against the rival projects nearby.

As a result, the Company has decided to purchase additional land of 12-2-79.7 rai in this transaction, bringing the project's total land area to 20-3-41.1 rai which can be developed into 88 housing units for sale. Therefore, the project size will become larger and the Company will benefit from economies of scale from such larger construction and sharing of common areas. The project will also have a bigger club house, garden and green area, making it more attractive to the target groups. The Company plans to develop the project under the Park Grand brand to expand its customer base to the upper-middle to high-end segment. From the earlier success in launching this brand in Ramindra zone, the Company is therefore seeking to diversify such brand to Bang Phun area where it previously developed the horizontal Sena Grand Home Project Phases 1-4 during 2009-2012. The Company saw an opportunity to broaden its customer base and build the Park Grand brand on a continuous basis by pioneering, in Bang Phun area, the use of solar energy under the concept of SENA Solar House, which will increase the project's uniqueness and differentiate it from rivals' projects, as well as enhance its competitive advantage.

The purchase price for the two plots of land of Baht 137,151,900 in total or an average of Baht 27,000 per square wah is deemed reasonable because it is equal to the average appraised price by the two independent valuers.

### **3.2 Advantages and disadvantages between entering and not entering into the transactions**

#### **(a) Purchase of land from PCC in Pattaya Country Club & Resort Project, Chon Buri Province**

##### **1) Advantages of entering into the transaction**

###### *1.1) Availability of land for consistent project development*

By acquiring land in Pattaya Country Club & Resort Project, Chon Buri Province, the Company will have additional plot of land available for continuous real estate project development. This will be its first property project in the upcountry (outside of Bangkok and its vicinities). The potential of the area where the project will be located with a likely increase in employment and communities will help to build Sena brand awareness. The Company will develop the land into a horizontal property project in line with its 2018 business plan in a bid to expand its horizontal project portfolio as planned. The size of land to be acquired, comprising 111 small plots with a total area of 45-3-18.40 rai, is suitable for such project development as the Company plans to develop 110 units of single-level detached houses according to the number of title deeds already divided, with one lot allocated for a park. The target group is expected to include both Thai and foreign customers.

###### *1.2) Investment in business in which the Company has experience and expertise*

The land in Pattaya Country Club & Resort Project to be acquired in this transaction will be used for horizontal property development, the core business in which the Company has long-standing experience and expertise. Although this will be the first real estate project in the upcountry of the Company while it has previously developed projects only in Bangkok and its vicinities, it is believed that the Company will be able to use its knowledge and experience accumulated over a long period of time to implement this new project.



### *1.3) Suitable location of the land*

The land to be acquired is in the area of the Eastern Economic Corridor (EEC), which is a government-initiated project to upgrade three eastern coastal provinces consisting of Rayong, Chon Buri and Chachoengsao into a special economic zone where the targeted economic activities will be permitted under relaxation of laws or regulations which are an obstacle to trade and investment in the normal areas. Investors in the EEC zone will be granted numerous investment incentives. The government sector will also allocate resources exclusively to the EEC, including continuous investment in infrastructure. As such, Pattaya area will become a large employment zone, with additional communities and stronger economic condition as promoted by the government sector, thus relatively leading to growing residential demand. Therefore, this is a good opportunity for the Company to develop a real estate project in line with the urban expansion in order to fulfill housing demand of both local and non-local residents, as propelled by an increase in employment and public utilities. Moreover, the land is adjacent to Pattaya Country Club golf course, thus providing a tranquil and pleasant atmosphere with the greenery of the golf course and a large lagoon, which is a prominent feature of the project that will give its residents a truly relaxing experience.

### *1.4) The land purchase price being considerably lower than the market price*

The total purchase price of the land in Pattaya Country Club & Resort Project from PCC of Baht 87.91 million is lower than the average market price appraised by the two independent valuers at Baht 147.64 million (as per their respective appraisal reports prepared in January 2018 and February 2018) by roughly 40.45%. The agreed land sale and purchase price is in line with the criteria specified in the Business Contract between the Company and PCC dated April 25, 2013 and is based on the average price appraised by the two independent valuers, Knight Frank and TA, in February 2011.

The land has already been separated into small lots, with certain areas allocated for road or soi passing every land lot. The sale and purchase price of the land is calculated from only areas of the small plots, whereas the area of road or soi passing every lot will not be sold and purchased. The seller will register the easement for walkway, road and public utility systems for all those small lots. This is different from the purchase of a large land plot in general where buyer must buy the entire lot and divide the land for public area by itself afterwards. As such, the project will have a competitive edge in terms of pricing. With a lower land cost and all-in cost compared with land purchase at market price, the project is expected to generate a gross profit higher than that earned by the Company from its other horizontal projects of the same grade at around 31%-35%, and will also bring in a favorable rate of return for the Company.

### *1.5) Opportunity to grow income and profit in the future*

The Company plans to develop a horizontal project on the land to be acquired from PCC during August 2018 - June 2021 with an estimated total project value of Baht 616.63 million, which will generate additional income and profit in the future apart from the existing projects under operation. At present, the Company has not yet fully recognized revenues from all of its current projects as some of them are still under construction and development. In 2017, the Company and its subsidiaries recorded total revenues of Baht 5,221.24 million, of which Baht 4,535.23 million was revenues from sales of residences, divided into revenues from horizontal projects of Baht 1,454.2 million and revenues from vertical projects of Baht 3,081.0 million. Revenues from rental and services amounted to Baht 347.4 million, consisting of revenues from project development management services of Baht 102.4 million, revenues from rental and services from Sena Fest community mall of Baht 91.7 million, revenues from golf course services of Baht 78.1 million, revenues from apartment rental and services and revenues from warehouse rental business of Baht 75.2 million.

## 2) Disadvantages of entering into the transaction

### 2.1) *Incurrence of additional debts and interest expenses*

Under the terms of payment for the purchase of land from PCC in Pattaya Country Club & Resort Project at a total value of Baht 87,914,009.21, the Company must pay a deposit of 10% of the sale and purchase price, or equal to Baht 8,791,400.92, on the date of land sale and purchase agreement signing (which will take place within 30 days from the date of obtaining approval from the 2018 Annual General Meeting of Shareholders to be held on April 26, 2018) or within such other date as to be agreed upon by the two parties, and must pay the remaining Baht 79,122,608.29 on the date of registration of land ownership transfer (within 30 days from the agreement signing date) or within such other date as to be agreed upon by the two parties. Financing sources for this transaction and also for such project development will come from self-financing and borrowing from financial institutions in a proportion of roughly 30% and 70% of the total project investment cost respectively. As such, entering into this transaction will lead the Company to incur additional debts (arising from loans raised for land acquisition and project development of about Baht 240 million) and interest expenses (total interest expenses for the project of about Baht 6 million, assuming an interest rate of 5% p.a.).

As at December 31, 2017, the Company and its subsidiaries recorded total liabilities of Baht 4,594.57 million, shareholders' equity of Baht 3,541.41 million, and debt to equity ratio of 1.30 times. It is expected that the entering into this transaction, including the purchase of land in Sena Grand Home Project and the investment in property development on those land plots, will be funded by loans from financial institutions in a total amount of around Baht 240 million, thus leading the Company to incur higher debts and interest expenses. However, such loans will not be raised entirely at the same time, but will be drawn down according to the project progress and will be repaid gradually according to the payment schedule. According to loans from financial institutions for the purchase of land from PCC in a total amount of around Baht 62.16 million (70% of sale and purchase price of land, including company's expenses relevant to the transfer fee) and loans from financial institutions for the purchase of land from Mrs. Nidda and Sirinthip in a total amount of around Baht 98.36 million (70% of sale and purchase price of land, including company's expenses relevant to the transfer fee). Then, its debt to equity ratio will increase to 1.34 times, Such increased debts will not cause its debt to equity ratio to exceed 2.50 times as set forth under the financial covenants on the Company's debentures and the loan agreements made with commercial banks. Based on the project's cash flow projection analysis for the next three years (August 2018 - June 2021), the Company will have sufficient cash flow for repayment of debts incurred for such project development and be able to maintain the debt to equity ratio as required under the debentures' conditions and the loan agreements with commercial banks.

### 2.2) *Risk associated with project implementation*

The Company plans to develop the land in Pattaya Country Club & Resort Project to be acquired from PCC into a single-level detached house project of about 110 units with an average selling price of Baht 5 million - Baht 8.5 million per unit, which will be its first property project outside of Bangkok and its vicinities. Despite the Company's long-time considerable experience in the housing estate business, the project's success hinges not only on the property itself and project management capability, but also on such other factors as construction cost control, finance cost, consumers' purchasing power and housing demand, and economic and real estate market situations, some of which are uncontrollable external factors. Given that these factors are not favorable for project development, revenues from sales of the project may fail to meet projections which could affect the project's rate of return.

### 2.3) *More expenses than income in the initial period of investment*

Construction of the real estate project on the land to be acquired in this transaction will take about 24 months from August 2018 to July 2020. According to the accounting standards, while

construction is still underway or ownership has not yet been transferred to customers, the Company cannot recognize revenues until the construction is completed as per the contract or the ownership and material benefits are transferred to its customers. It is forecast that revenue recognition from this project will begin in February 2019 onwards, which is not unusual for real estate business in general. Besides, there will be rather high expenses incurred at the initial stage of project implementation, including construction designing fee, advertisement and public relations expenses, and others. Therefore, the project may initially suffer a loss, which will likely affect the Company's performance and financial statements.

However, the Company and its subsidiaries also have other projects that have been gradually completed with continuous ownership transfers and income recognition, thus helping to lessen the impact on the Company's overall performance.

### **3) Advantages of not entering into the transaction**

3.1) There will be no additional debts and interest expenses incurred from borrowing for project investment.

3.2) There will be no exposure to risk from implementation of a new project to be developed on the land to be acquired in this transaction.

3.3) There will be no risk of incurring a loss in the initial period of project operation due to a higher amount of expenses than revenues recognized during such initial period.

### **4) Disadvantages of not entering into the transaction**

4.1) The Company will not have additional land for project development to build the Sena brand awareness in the provincial area in the EEC zone which will become a large employment and community area, thus resulting in housing demand.

4.2) The Company will lose the opportunity to acquire land at a low price. The purchase price of the land in Pattaya Country Club & Resort Project is the price specified in the Business Contract and based on the appraisal conducted by the two independent valuers in February 2011, which is much lower than the current market price of such land. If the Company acquires land from other party, it may not receive the same price as that specified in the Business Contract.

4.3) The Company will lose the opportunity to grow its income and return in the future.

## **(b) Purchase of land from Mrs. Nidda and Sirinthip in Sena Grand Home Project, Pathum Thani Province**

### **1) Advantages of entering into the transaction**

#### *1.1) Availability of land for consistent project development*

By acquiring land in Sena Grand Home Project located on Bang Bua Thong - Bang Phun Road, Pathum Thani Province, the Company will have additional plot of land available for continuous real estate project development. The Company will develop such land into a horizontal property project in line with its 2018 business plan in a bid to expand its horizontal project portfolio as planned. The land consists of two plots with a combined area of 12-2-79.90 rai. By aggregating with two existing land lots in the same project and connecting with the land to be acquired in this transaction, the Company will have a total land area of 20-3-73.70 rai which is a land size suitable for efficiently developing into a single detached house project of 88 units complete with facilities in the project such as a garden, a club house and a swimming pool. Besides, the land to be acquired in this

transaction is adjacent to the land in Sena Grand Home Project Phases 1-4, developed by the Company in 2009-2012.

*1.2) Investment in business in which the Company has experience and expertise*

The land to be acquired in this transaction will be used for horizontal property development, the core business in which the Company has long-standing experience and expertise. The Company will be able to use its knowledge and experience accumulated over a long period of time to implement a new project on such land for the utmost benefit.

*1.3) Suitable location of the land*

The land to be purchased by the Company in Sena Grand Home Project located on Bang Bua Thong - Bang Phun Road, Pathum Thani Province, is in front of Sena Grand Home Project Phases 1-4 which proved to be a success. It is close to a main road, Bang Bua Thong - Bang Phun Road, and is in a developed and growing residential and employment zone surrounded by educational institutes and other facilities with convenient transportation, about 3 kilometers from the Dark Red Line electric train route (Bang Sue - Rangsit) (under construction). This therefore is a good opportunity for the Company to develop a continuing phase 5 of the existing project under the Park Grand brand to expand its customer base to the upper-middle to high-end segment in order to diversify business risk as well as introduce the Park Grand brand in Bang Phun zone for client base expansion and continuous brand building.

*1.4) Benefit from development of a larger project*

To acquire land in Sena Grand Home Project on Bang Bua Thong - Bang Phun Road, Pathum Thani Province, the Company will have additional land combined with the previously acquired land for development into one larger project. It will be able to partially allocate bigger land lots to serve the target group that desires a large plot of land, thus helping to broaden its customer base from the mid-end to low-end market to the upper-middle to high-end segment and relatively reducing its business risk. The Company will also be able to offer bigger and more complete facilities in the project, including a larger garden and club house. These will make the project more attractive and more competitive against the rival projects nearby. Moreover, such larger project development will lead to economies of scale in construction and sharing of common areas.

*1.5) Leadership in horizontal property development under the solar concept*

The Company will take the lead, in Bang Phun zone, in developing a housing estate project with the use of solar panels at all houses and common areas under the concept of SENA Solar House, which will increase the project's uniqueness and differentiate it from rival projects as well as enhance its competitive advantage. As the pioneer of the solar concept, the Company is able to determine product prices in the market. There have not yet been any other solar house projects available in that area.

*1.6) Opportunity to grow income and profit in the future*

The land to be acquired from Mrs. Nidda and Sirinthip will be developed into a housing estate project in the name of Sena Grand Home, with project development period scheduled for May 2018 - April 2021 and project value estimated at Baht 767.83 million. The Company will be able to generate more income and profit in the future in addition to the existing projects that are under operation. At present, the Company has not yet fully recognized revenues from all of its current projects as some of them are still under construction and development. In 2017, the Company and its subsidiaries

recorded total revenues of Baht 5,221.2 million, of which Baht 4,535.2 million was revenues from sales of residences, divided into revenues from horizontal projects of Baht 1,454.2 million and revenues from vertical projects of Baht 3,081.0 million. Revenues from rental and services amounted to Baht 347.4 million, consisting of revenues from project development management services of Baht 102.4 million, revenues from rental and services from Sena Fest community mall of Baht 91.7 million, revenues from golf course services of Baht 78.1 million, revenues from apartment rental and services and revenues from warehouse rental business of Baht 75.2 million.

## **2) Disadvantages of entering into the transaction**

### *2.1) Incurrence of additional debts and interest expenses*

Under the terms of payment for the purchase of land from Mrs. Nidda and Sirinthip in Sena Grand Home Project, Bang Bua Thong - Bang Phun Road, at a total value of Baht 137,151,900, the Company must pay a deposit of 10% of the sale and purchase price, or equal to Baht 13,715,190, on the date of land sale and purchase agreement signing (which will take place within 30 days from the date of obtaining approval from the 2018 Annual General Meeting of Shareholders to be held on April 26, 2018) or within such other date as to be agreed upon by the two parties, and must pay the remaining Baht 123,436,710 on the date of registration of land ownership transfer (within 30 days from the agreement signing date) or within such other date as to be agreed upon by the two parties. Financing sources for this transaction and also for such project development will come from self-financing and borrowing from financial institutions in a proportion of roughly 30% and 70% of the total project investment cost respectively. As such, entering into this transaction will lead the Company to incur additional debts (arising from loans raised for land acquisition and project development of about Baht 342 million) and interest expenses (total interest expenses for the project of about Baht 12 million, assuming an interest rate of 5% p.a.).

As at December 31, 2017, the Company and its subsidiaries recorded total liabilities of Baht 4,594.57 million, shareholders' equity of Baht 3,541.41 million, and debt to equity ratio of 1.30 times. It is expected that the entering into this transaction, including the purchase of land in Pattaya Country Club & Resort Project and the investment in property development on those land plots, will be funded by loans from financial institutions in a total amount of around Baht 342 million, thus leading the Company to incur higher debts and interest expenses. However, such loans will not be raised entirely at the same time, but will be drawn down according to the project progress and will be repaid gradually according to the payment schedule. According to loans from financial institutions for the purchase of land from Mrs. Nidda and Sirinthip in a total amount of around Baht 98.36 million (70% of sale and purchase price of land, including company's expenses relevant to the transfer fee) and loans from financial institutions for the purchase of land from PCC in a total amount of around Baht 62.16 million (70% of sale and purchase price of land, including company's expenses relevant to the transfer fee). Then, its debt to equity ratio will increase to 1.34 times. Such increased debts will not cause its debt to equity ratio to exceed 2.50 times as set forth under the financial covenants on the Company's debentures and the loan agreements made with commercial banks. Based on the project's cash flow projection analysis for the next three years (May 2018 - April 2021), the Company will have sufficient cash flow for repayment of debts incurred for such project development and be able to maintain the debt to equity ratio as required under the debentures' conditions and the loan agreements with commercial banks.

### *2.2) Risk associated with project implementation*

The Company plans to develop the land in Sena Grand Home Project, Bang Bua Thong - Bang Phun Road, to be acquired from Mrs. Nidda and Sirinthip, combined with the two previously acquired land lots, into a single detached house project of about 88 units with an average selling price of Baht 7 million - Baht 13.5 million per unit, which will increase the supply of horizontal residences in that area. The project's success hinges not only on the property itself and project management capability, but also on such other factors as construction cost control, finance cost, consumers'



purchasing power and housing demand, and economic and real estate market situations, some of which are uncontrollable external factors. Given that these factors are not favorable for project development, revenues from sales of the project may fail to meet projections which could affect the project's rate of return.

*2.3) More expenses than income in the initial period of investment*

Construction of the real estate project on the land to be acquired in this transaction will take about 24 months from May 2018 to April 2020. According to the accounting standards, while construction is still underway or ownership has not yet been transferred to customers, the Company cannot recognize revenues until the construction is completed as per the contract or the ownership and material benefits are transferred to its customers. It is forecast that revenue recognition from this project will begin in October 2018 onwards, which is not unusual for real estate business in general. Besides, there will be rather high expenses incurred at the initial stage of project implementation, including construction designing fee, advertisement and public relations expenses, and others. Therefore, the project may initially suffer a loss, which will likely affect the Company's performance and financial statements.

However, the Company and its subsidiaries also have other projects that have been gradually completed with continuous ownership transfers and income recognition, thus helping to lessen the impact on the Company's overall performance.

**3) Advantages of not entering into the transaction**

3.1) There will be no additional debts and interest expenses incurred from borrowing for project investment.

3.2) There will be no exposure to risk from implementation of a new project to be developed on the land to be acquired in this transaction.

3.3) There will be no risk of incurring a loss in the initial period of project operation due to a higher amount of expenses than revenues recognized during such initial period.

**4) Disadvantages of not entering into the transaction**

4.1) The Company will not have additional land for consistent project development to build or enhance its brand awareness.

4.2) The Company will not enjoy various benefits, including benefits from development of a larger project and expansion of customer base to cover more diverse target groups in order to reduce business risk.

4.3) The Company will lose the opportunity to grow its income and return in the future.

**3.3 Comparison of advantages and disadvantages between entering into the transactions with the connected persons and the transactions with a third party, necessity of entering into the transactions with the connected persons, and reasons for not entering into the transactions with a third party**

Under the connected transactions, the Company will acquire 111 small plots of land from PCC located in Pattaya Country Club & Resort Project, Chon Buri Province. The land will be developed into a horizontal project as planned, which will be the Company's first real estate project in the upcountry. Pattaya is a high potential area since it is in the Eastern Economic Corridor (EEC) zone which is designated by the government sector as a special economic zone. It is thus expected to become a large employment area with huge communities and relatively growing residential demand.



This accordingly is a good opportunity for the Company to develop a residential project in line with such urban expansion. Besides, the purchase price for the land is considerably lower than market price (it is lower than the average appraised price by the two independent valuers by about 40.45%) because such price is determined according to the criteria specified in the Business Contract between the Company and PCC dated April 25, 2013 (the criteria specified in the Business Contract for land sale and purchase price determination is based on the average price appraised by the two independent valuers in February 2011). As such, the purchase of land from the connected person at a price much lower than the market price will lead to a low project cost and enhance the project's competitive edge. Compared with a similar transaction made a third party, it is impossible to arrive at a sale and purchase price which is substantially lower than the market price and to acquire a great number of small adjoining land lots that can be combined into one large piece of land for property development. The property will be developed in a golf course project which already is operational and has a rather large number of visitors, with complete facilities such as a club house, a seminar building, a driving range, a mini-park, a lagoon, and so on. It will offer a natural ambience amid a huge green area, thus making the Company's project a nice and shady place to live in. The hill house concept is the project's prominent and attractive features.

The Company will also acquire two plots of land from Mrs. Nidda and Sirinthip in Sena Grand Home Project located on Bang Bua Thong - Bang Phun Road, Pathum Thani Province, which is the area where the Company earlier successfully developed horizontal projects in the brand of Sena Grand Home Phases 1-4. The land to be purchased in this transaction is next to the land plots previously acquired by the Company. By combining them together for development into one single project, the land area will be enlarged from 8-0-61.40 rai to 20-3-73.70 rai which can be partially allocated into housing units each with bigger land area to serve a broader range of target groups. Moreover, the project can offer a higher number of housing units for sale, from 38 to 88 units, leading to economies of scale in construction and sharing of common areas. The bigger club house, park and green area will help to better attract the target groups. Compared with a similar transaction made a third party, it is impossible to acquire a large land lot owned by a third party which is connecting with or in the same area as the existing land of the Company and can be combined into one piece of land for project development.

The acquisition of land from the connected persons under the two transactions described above will provide an opportunity for the Company to expand its business and increase its assets, revenues and rate of return in the future and have additional land available for consistent project development. In such land purchase from the connected persons, the Company may not enter into the transaction with any third party. Besides, the Company has not been approached by any other landowners in order to acquire land similar to the land to be purchased under the aforementioned transactions. After all, the price at which to enter into the said transactions is lower than/equal to the average appraised price by the two independent valuers. The purchase price for the land from PCC is lower than the valuers' average appraised price by about 40.45%, whereas the purchase price for the land from Mrs. Nidda and Sirinthip is equal to the average appraised price of the valuers. Therefore, the price for both transactions is considered reasonable.

The IFA has determined the rate of return from property development on the acquired land and found that the development of a single detached house project in the name of Pattaya Country Club & Residence on the land to be acquired from PCC will provide a project's IRR of 46.80% per year (see more details in Item 4.1.1 (b) Assessment of appropriateness of project investment or operation), which is higher than the project's weighted average cost of capital (WACC) of 6.48% per year and also higher than the average interest rate on loans assumed at 5.00% p.a.

The development of a single detached house Sena Grand Home Phase 5 under the Park Grand brand on the land to be purchased from Mrs. Nidda and Sirinthip will provide a project's IRR of 27.61% per year (see more details in Item 4.1.2 (b) Assessment of appropriateness of project investment or operation), which is higher than the project's weighted average cost of capital (WACC) of 6.86% per year and also higher than the average interest rate on loans assumed at 5.00% p.a.

To sum up, the above transactions are considered reasonable and will generate a favorable rate of return for the Company.

### 3.4 Adequacy of financing sources for the acquisition of assets

The Company will enter into the land acquisition from PCC at a total value of Baht 87.91 million, the land acquisition from Mrs. Nidda at Baht 127.02 million, and the land acquisition from Sirinthip at Baht 10.13 million, making up a total value of Baht 225.06 million. Funding for such land acquisition transactions will come from self-financing and loans from financial institutions. The Company will offer those land lots to be acquired as collateral for the loans from financial institutions.

To identify the adequacy of funding sources based on the consolidated financial statements for the year ended December 31, 2017, the Company has cash and cash equivalents of Baht 847.31 million, cash flow from earnings before interest, tax, depreciation and amortization (EBITDA) in 2017 of approximately Baht 1,119 million, and working capital facilities from four financial institutions for land purchase totalling Baht 2,100 million, thus showing that the Company has adequate funding for the land acquisition under the above mentioned transactions.

## 4. Fairness of price and conditions for the transactions

### 4.1 Fairness of transaction price

#### 4.1.1 Purchase of 111 plots of land with a total area of 45-3-18.40 rai located in Pattaya Country Club & Resort Project, Chon Buri Province, from Pattaya Country Club Ltd. (PCC)

##### (a) Analysis of sale and purchase price vs. appraisal price

The Company will purchase 111 plots of land with a total area of 45-3-18.40 rai or equivalent to 18,318.40 square wah in Pattaya Country Club & Resort Project, located on Chachoengsao - Sattahip Road (Highway 331), Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province, from PCC, which is a connected person of the Company. The assets, comprising land lots under title deeds no. 121135 - 121217, 121392 - 121398, 121479, 121499 and 123562 - 123580, will be acquired at a total purchase price of Baht 87,914,009.21 (an average price of Baht 4,799.22 per square wah), which is a price determined in the Business Contract between the Company and PCC dated April 25, 2013.

The Company assigned two SEC-approved independent valuers, Knight Frank Chartered (Thailand) Co., Ltd. (“**Knight Frank**”) and T.A. Management Corporation (1999) Co., Ltd. (“**TA**”), to appraise a fair value of such land. The appraised price by the two valuers is equal to Baht 8,320 and Baht 7,800 per square wah respectively, as shown below:

Independent valuer	Appraisal method <sup>3/</sup>	Appraised price (Baht/sq. wah)	Average appraised price by two valuers (Baht/sq. wah)	Sale and purchase price (Baht/sq. wah)	Difference between sale and purchase price and average appraised price (Baht/sq. wah)
1. Knight Frank	Residual method <sup>1/</sup>	8,320.00	8,060.00	4,799.22	(3,260.78)
2. TA	Market approach <sup>2/</sup>	7,800.00			

Note: <sup>1/</sup> Knight Frank used the residual method for land valuation and the comparative method for selling price analysis and determination.

<sup>2/</sup> TA appraised the land value by the market approach by analyzing market price of the developed small lots of land, deducted by land development cost and relevant project expenses to arrive at market value of the appraised property.

<sup>3/</sup> The IFA has considered the valuation methods applied by Knight Frank and TA in details and viewed that, despite the different names of the methods, the criteria used in those methods for market price assessment are consistent, including, for example, price comparison from market data derived from a survey, adjustment to scoring on various factors for scores comparison between the market data and the appraised property, and deduction of relevant costs of project development to identify a fair market value of the appraised property at the final process.

The IFA is of the opinion that the transaction price, which is based on the price determined in the Business Contract signed in 2013 and can be adjusted upward for carrying cost at not more than 7% per year as per the condition specified in such contract, **is a reasonable price** since it is lower than the market price or the average fair value measured by the two independent valuers by 40.45%.

### Summary of land appraisal

The assets appraised by the independent valuers include 111 adjoining plots of vacant land under title deeds no. 121135 - 121217, 121392 - 121398, 121479, 121499 and 123562 - 123580 covering a total area of 45-3-18.4 rai or 18,318.40 square wah. The land consists of small land lots each of 146.60 - 286.90 square wah, already developed, in Pattaya Country Club & Resort Project (Pattaya Country Club golf course) which will be developed into a single detached house project in the name of Pattaya Country Club Home and Residence. The land is located on Chachoengsao - Sattahip Road (Highway 331), Km. 27+600, Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province. There are six units of single-floor houses constructed on such land and currently left in the run-down, unfinished condition, which will be demolished after project area development. The two independent valuers did not appraise value of such buildings and construction.

According to the appraisal reports of the two independent valuers, comprising Knight Frank's report dated January 25, 2018 and TA's report dated January 18, 2018, prepared for market value measurement and for public purpose, the land appraisal can be summed up as follows:

Appraisal method	Description of appraised assets	Owner	Appraised value by independent valuer	
			Knight Frank	TA
<u>Knight Frank</u> Residual method  <u>TA</u> Market approach	- 111 plots of land under title deeds no. 121135 - 121217, 121392 - 121398, 121479, 121499 and 123562 - 123580, with a total area of 45-3-18.40 rai or 18,318.40 square wah - The land is in Pattaya Country Club & Resort Project, Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province, about 2.50 kilometers from Chachoengsao - Sattahip Road (Highway 331), Km. 27+600, to the east. - The land is divided into small lots, overall in polygonal shape and already improved. It encompasses both high and low landscape according to the original physical geography, about 2.00-2.50 meters above the level of road in the project.	PCC	Baht 152,400,000 (Baht 8,320/sqw.)	Baht 142,884,000 (Baht 7,800/sqw.)
	<b>Government land value appraisal<sup>1/</sup></b>		<b>Baht 54.96 million (Baht 3,000/square wah)</b>	

Note: <sup>1/</sup> Based on the appraisal report of Knight Frank which examined the government land value appraisal derived from list of appraisal values determined and announced by the Treasury Department.

### Appraisal by Knight Frank

Knight Frank appraised the vacant land by the **residual method** and used the comparative method for selling price analysis and determination.

The residual method is an approach to estimating value of a project after completion of development, deducted by direct and indirect development costs and expenses, return for developer, and interest paid during construction. The derived net income after expenses will be present value of the property appraised.

The comparative method is an approach to analyzing and identifying a selling price through comparison with the surveyed market data on a number of comparable properties based on factors such as size, shape, location, accessibility and environment which have an effect on prices and sale and purchase prices in the recent past, and also based on economic factor that could affect the real estate market.

Knight Frank applied the comparative method with sales adjustment grid to compare the appraised land with the market data by identifying the difference of various relevant factors in terms of their superior or inferior characteristics, as well as to compare the selling/purchasing prices under the prevailing real estate market competition. Analysis and adjustment are made from comparison of identical properties based on strengths and weaknesses of variables such as location, land area, shape, frontage, land level and land use potential in order to determine the asset's true market value.

#### **Land appraisal**

Market value derived from valuation by the residual method

No.	Details	%	Unit	Total price (Baht)
1	<b>Estimation of project revenues</b> (from the revenue projection table)			<b>279,276,000</b>
2	<b>Estimation of costs of project development</b>			
	Costs of construction of public utility systems (from the construction cost table)			32,866,000
	Contingency for other expenses	5.00%	of costs of construction	1,643,300
	<b>Total costs of project development</b>			<b>34,509,300</b>
3	<b>Estimation of project costs and expenses</b>			
	Professional and construction supervision fees	5.00%	of costs of project development	1,725,465
	Project management fees	2.00%	of total revenues	5,585,520
	Selling and advertising expenses	5.00%	of total revenues	13,963,800
	Other expenses	15.00%	of total costs and expenses	3,191,218
	<b>Total project costs and expenses</b>			<b>24,466,003</b>
4	<b>Taxes and fees</b>			
	Transfer fee (payable by buyer and seller jointly on a 50:50 basis)	1.00%	of total revenues	2,792,760
	Specific business tax	3.30%	of total revenues	9,216,108
	<b>Total taxes and fees</b>			<b>12,008,868</b>
5	<b>Gross profit (before interest and income tax)</b>	<b>20.00%</b>	<b>of total revenues</b>	<b>55,855,200</b>
6	<b>Total costs of project development and project expenses</b>			<b>126,839,371</b>
7	<b>Value of property in present condition</b>			<b>152,436,629</b>
	<b>Rounded off</b>			<b>152,400,000</b>

Knight Frank measured a fair market value of the land by the residual method under major assumptions as follows:

1. Revenues are estimated based on the selling price expected under the current market circumstances. From a survey of vacant land for residential purpose and land with a single-level/two-level detached house projects in the locations nearby the appraised property, it was found that vacant land for residential purpose and land in housing estate projects with an approximate area of 60-400 square wah were sold at Baht 12,500-50,000 per square wah, depending on location, type of project, land size, land shape and scenery, facilities, and name recognition of project. Knight Frank selected three data sets of nearby land lots with sale and purchase price and/or expected selling price in a range of Baht 14,000 - 20,000 per square wah for the analysis and determination of market value of the appraised property (see more details in ‘Analysis of selling price and estimation of project revenues’ below).

2. Costs of project development, comprising costs of construction of public utility systems, are estimated from comparison with costs of construction in the market based on standard prices of the Valuers Association of Thailand and the construction cost projection obtained from the Company.

3. Project costs and expenses, including professional and construction supervision fees, project management fees, selling and advertising expenses, and other expenses, are estimated based on standard costs for general project development.

4. Tax is estimated based on the tax rates determined by the authority. Transfer fee is assumed to be borne jointly by buyer and developer on a 50:50 basis.

5. Gross profit and developer’s risk are estimated based on standard values applied to general project development.

6. Construction of public utility systems is assumed to take about 18 months to complete. Project implementation period is set to be around 36 months.

#### **Analysis of selling price and estimation of project revenues**

(As a basis for appraisal by the residual method)

From a survey of market data on 10 plots of land nearby, Knight Frank selected three plots, having sale and purchase prices and/or expected selling prices between Baht 14,000 and Baht 20,000 per square wah, for analysis and determination of market value of the property. The derived data were analyzed and adjusted up or down as deemed appropriate based on the key relevant factors. Comparison of the appraised property and the market data is shown in the table below:

Particulars	Appraised property	Comparable data		
		Data 1	Data 2	Data 3
Type of property	Vacant land	Land with single-level/two-level detached house	Vacant land	Vacant land
Project name	Pattaya Country Club Home & Residence	AMPIO	Burapha Golf Club	Vacant land sale project
Location	Chachoengsao - Sattahip Road (Highway 331)	Bang Lamung - Rayong Road (Highway 36)	Highway 3009	Soi Samnak Tabaek, off Highway 3240
Land area (rai)	0 - 1 - 50	0 - 0 - 85	1 - 0 - 00	0 - 0 - 99
Land area (sq. wah)	150	85	400	99
Land shape	Almost rectangular	Almost rectangular	Almost rectangular	Trapezoid
Frontage	20 meters	18 meters	40 meters	38 meters
Land level	2 meters	-	-	-

Particulars	Appraised property	Comparable data		
		Data 1	Data 2	Data 3
Town plan	Green - Rural and Agricultural Zone	Green - Rural and Agricultural Zone	Pink - Community Zone	Green - Rural and Agricultural Zone
Appropriate land use	Residential	Residential	Residential	Residential
Offered selling price for land (Baht/sq. wah)	-	20,000.00	15,000.00	-
Expected selling price (Baht/sq. wah)	-	20,000.00	14,000.00	-
Sale/purchase price (Baht/sq. wah)	-	-	-	17,000.00
Offering/sale-purchase date	-	January 2018	January 2018	October 2017
Initial adjusted price (Baht/sq. wah)	-	20,000.00	14,000.00	17,000.00

Details of analysis

Relevant factors	Comparable data					
	Data 1		Data 2		Data 3	
	%	Amount (Baht/sqw.)	%	Amount (Baht/sqw.)	%	Amount (Baht/sqw.)
Factors relevant to location						
- Location and environment	-20%	(4,000)	10%	1,400	-10%	(1,700)
Factors relevant to property						
- Type of development and condition of project	-5%	(1,000)	0%	-	0%	-
- Shape and zone	0%	-	0%	-	0%	-
- Public utility system	0%	-	0%	-	0%	-
- Project facilities	0%	-	0%	-	0%	-
- Project name recognition	0%	-	0%	-	0%	-
<b>Total</b>	<b>-25%</b>	<b>(5,000)</b>	<b>10%</b>	<b>1,400</b>	<b>-10%</b>	<b>(1,700)</b>
<b>Price derived from initial adjustment (Baht/sq. wah)</b>	<b>15,000</b>		<b>15,400</b>		<b>15,300</b>	

The final adjustment

Comparable data	Adjusted price	Final value	Proportion (1)	Inverse proportion	Proportion (2)	Property value
1	15,000	5,000	0.6173	1.6200	0.1331	1,997
2	15,400	1,400	0.1728	5.7857	0.4754	7,321
3	15,300	1,700	0.2099	4.7647	0.3915	5,990
<b>Total</b>	<b>45,700</b>	<b>8,100</b>	<b>1.0000</b>	<b>12.1704</b>	<b>1.0000</b>	<b>15,308</b>
<b>Rounded (Baht/sq. wah)</b>						<b>15,000</b>

From the final adjustment, the selling price of a standard plot of vacant land for residential purpose was equal to Baht 15,000 per square wah, whereas the selling price of other plots of vacant land for residential purpose was determined by the independent valuer by basing on the standard plot, adjusted up/down for the relevant factors. The estimation of project revenues can be summarized as follows:



Summary of the estimation of project revenues

No.	Type of house/land plot	Standard land area (sqw.)	Total land area (sqw.)	No. of plots	Price per unit		Total price (Baht)
					(Baht/unit)	(Baht/plot)	
1	Vacant land for residential purpose-standard plot	150.00	13,539.80	87	15,000	2,250,000	203,097,000
2	Vacant land for residential purpose-corner plot	150.00	3,191.60	18	15,000	2,250,000	47,874,000
3	Vacant land for residential purpose-plot adjacent to a lagoon	150.00	1,587.00	6	15,000	2,250,000	23,805,000
4	Location value						
	- Corner plots (18 plots)				-	150,000	2,700,000
	- Plot adjacent to a lagoon (6 plots)				-	300,000	1,800,000
<b>Total estimated project revenues</b>				<b>111</b>	<b>plots</b>		<b>279,276,000</b>

Estimation of costs of construction of public utility systems in the project  
(As a basis for appraisal by the residual method )

No.	Particulars	Quantity	Unit	Price per unit (Baht/unit)	Total price (Baht)
1	Project site clearing	45.796	Rai	50,000	2,289,800
2	Road construction with a thickness of 0.15 m.				
	- Leveling and crushing	16,506	Square meter	50	825,300
	- Laterite soil compression	16,506	Square meter	250	4,126,500
	- Concrete road with sand bedding, 0.05 m. thickness	12,482	Square meter	550	6,865,100
3	Water drainage system				
	- PCP, 0.60 m.	2,614	Meter	700	1,829,800
	- PCP, 0.80 m.	670	Meter	1,000	670,000
4	Waste water concrete pond				
	- Detention pond for 0.60 m. pipe	166	Pond	5,000	830,000
	- Detention pond for 0.80 m. pipe	45	Pond	7,000	315,000
5	Water quality testing pond	1	Pond	35,000	35,000
6	V-ditch, about 0.50 m. in width	3,014	Meter	500	1,507,000
7	Sidewalk				
	- Concrete curb	270	Square meter	250	67,500
	- Concrete pavement	4,024	Square meter	500	2,012,000
8	Electrical system				
	- Main power supply 250 KVA	2	Set	350,000	700,000
	- Low voltage main power - pole & cable	3,014	Meter	1,500	4,521,000
	- High voltage main power - pole & cable	0	Meter	2,500	0
	- Lighting system	151	Set	3,000	453,000
9	Water supply system				
	- Main water supply piping, PE type	3,014	Meter	1,000	3,014,000
10	Fence				
	- Concrete fence around project site, about 2.00 m. height	322	Meter	2,500	805,000
11	Landscaping and roadside planting	1	Lump sum	1,000,000	1,000,000

No.	Particulars	Quantity	Unit	Price per unit (Baht/unit)	Total price (Baht)
12	Entrance arch, security guard's quarter and project sign	1	Lump sum	1,000,000	1,000,000
<b>Total estimated costs of construction of public utility systems</b>					<b>32,866,000</b>

By the residual method, the 111 plots of land totaling 18,318.40 square wah (45-3-18.40 rai) were appraised at a total of Baht 152,436,629, **rounded off to Baht 152,400,000**, or at **approximately Baht 8,320 per square wah**. To sum up, Knight Frank recommended an appropriate appraised land value of **Baht 152,400,000**.

***Opinion of the IFA on property appraisal by the independent valuer***

We view that the use of the residual method and the comparative method for analysis and determination of selling price by Knight Frank is suitable. The appraisal was made based on selection of market data that could reflect value of the appraised property in diverse aspects such as location, land area, land shape, town plan and land use, both similarly and differently. Price adjustment was made for the market data that were different from the appraised property to ensure comparability of the scored market data with the appraised property. The independent valuer made downward price adjustment for the market data that had inferior factors to the appraised property in terms of location and environment, type of development and condition of project, etc., and made upward price adjustment for the market data with location and environment superior to the appraised property. Property value derived from the absolute adjustment was used as a basis for selling price determination in the valuation by the residual method to arrive at the final value of property. Such appraisal method is part of the market price assessment process under professional practices adopted by the independent valuer.

**Appraisal by TA**

TA appraised the property, which is a vacant land, by **the market approach**.

The market approach is used for appraising property which is land since there are sufficient market data on the same or similar type of properties and prevailing in the same time period available for marketing comparison to serve as a representative value. Value of the properties is adjusted to about the same level based on their respective physical condition and characteristics.

Since some variables of the market data adopted in the appraisal were different from those of the appraised property and would affect the property value, TA therefore employed the weighted quality scores (WQS) in adjustment for factors such as location, accessibility, parcel point, land shape and size, physical condition of land, infrastructure, environment, optimum land use, and growth potential. The variables with a remarkable variance when compared with the appraised property were given a high weighting. Total weighting score of all variables was equal to 100%. Each variable was scored and then multiplied by its weight. The sum of weighted score multiplication of each variable would include the weighted quality scores (WQS).

In appraising the property, TA surveyed market data on four plots of land nearby which had sale and purchase prices ranging from Baht 3,750 to Baht 16,250 per square wah and had the general physical condition most similar to the appraised property. Details of the comparable market data used for property appraisal are as follows:

Particulars	Comparable market data			
	Data 1	Data 2	Data 3	Data 4
Type of property	Land with single-level house	Land with single-level house	Land with single-level house	Vacant land
Project name	Pattaya Country Club & Resort	Pattaya Country Club & Resort	Pattaya Country Club & Resort	Vacant land on a soi, off Khao Mai Kao junction (intersecting Highway 3240)
Location	Chachoengsao - Sattahip Road (Highway 331)	Chachoengsao - Sattahip Road (Highway 331)	Chachoengsao - Sattahip Road (Highway 331)	Chachoengsao - Sattahip Road (Highway 331)
Land area (sq. wah)	160	160	200	118
Land shape	Rectangular	Rectangular	Rectangular	Rectangular
Frontage x depth	Frontage: about 20.00 meters	Frontage: about 20.00 meters	Frontage: about 20.00 meters	Frontage: about 8.00 meters
Land level	High and low landscape according to physical geography	High and low landscape according to physical geography	High and low landscape according to physical geography	High and low landscape according to physical geography
No. of sides facing a road	1 side	1 side	1 side	1 side
Type of road (surface)	Reinforced concrete, 6.00 meters	Reinforced concrete, 6.00 meters	Reinforced concrete, 6.00 meters	Soil, 3.00 meters
Public utilities	Electricity, water supply & telephone	Electricity, water supply & telephone	Electricity, water supply & telephone	Electricity
Town plan	Outside town planning zone	Outside town planning zone	Outside town planning zone	Outside town planning zone
Optimum land use	Residential	Residential	Residential	Residential
Development potential	Moderate	Moderate	Moderate	Fair
Land price (Baht/sq. wah)	15,625.00	16,250.00	14,000.00	3,750.00
Status	Offered for sale	Offered for sale	Offered for sale	Offered for sale
Date of data survey (offered selling price)	January 18, 2018	January 18, 2018	January 18, 2018	January 18, 2018
Note	Selling price: Baht 3,000,000; Building value: approx. Baht 500,000 (Building is in poor condition and needs renovation before moving in.)	Selling price: Baht 3,500,000; Building value: approx. Baht 900,000	Selling price: Baht 3,300,000; Building value: approx. Baht 500,000 (Building is in poor condition and needs renovation before moving in.)	-

TA surveyed data on land sales and purchases or offered selling prices of land lots in the areas nearby the appraised property which is in Pattaya Country Club Project, but did not find any sale and purchase transactions taking place in such areas. It accordingly used the data on offering for sale or announcement on sale of potential properties that are closest to the appraised property, for analysis and comparison. The derived various sets of data compared with the appraised property can be summarized as follows:

- Comparable data 1 - 3: Their location in overall is superior to the appraised property since the land has been developed, with residences already built thereon, and is situated in the same project as the appraised property, whereas the appraised property is land awaiting development and has already been separated into small lots, similar to the comparable properties. After analysis and comparison of data, it was therefore deemed that the comparable properties should have a higher price than the appraised property.
- Comparable data 4: Its location is inferior to the appraised property since it is situated outside the project and has public utility system and other facilities inferior to the appraised property. After analysis and comparison of data, it was deemed that the comparable property should have a lower price than the appraised property.

Here is the weighted quality scores (WQS) table for property value determination:

Compared factor	Scoring (%)	Comparable data				Appraised property
		1	2	3	4	
1. Location	20	7	7	6	4	6
2. Accessibility	10	7	7	6	4	6
3. Parcel point	15	7	7	6	4	5
4. Shape and size of land	10	7	7	7	7	7
5. Physical condition	15	8	8	8	4	5
6. Infrastructure	10	7	7	7	3	4
7. Environment	10	7	7	6	4	5
8. Optimum land use	5	7	7	7	5	7
9. Growth potential	5	7	7	7	5	7
<b>Total</b>	100	715	715	660	430	560

Note: Rating scale: 1-2 = Low 3-4 = Fair 5-6 = Moderate 7-8 = Good 9-10 = Excellent

Adjustment for factors and quality	Comparable data				Appraised property
	1	2	3	4	
Offered selling price (Baht/sq. wah)	15,625.00	16,250.00	14,000.00	3,750.00	
Reasonable price	14,000.00	14,000.00	13,000.00	3,000.00	
Weighted score	715	715	660	430	560
Adjustment ratio	0.7832	0.7832	0.8485	1.3023	1.0000
Adjusted price	10,965.03	10,965.03	11,030.30	3,906.98	
Significance level of comparison	0.30	0.30	0.30	0.10	1
Comparable value	3,289.51	3,289.51	3,309.09	390.70	10,278.81
<b>Market value of property (Baht/sq. wah) (rounded off)</b>					<b>10,000.00</b>

However, since the assets appraised are combined into a portfolio, consisting of 10 property items or more which are under legitimate ownership or managed by a juristic person or by the same individual person, the appraisal by TA as shown in its report was therefore made with a discount factored into the calculation, given that the items are offered entirely and simultaneously to the same buyer, or a discount for costs and risk of possessing the whole portfolio, including the following expenses:

Particulars				(Baht/sq. wah)
Appraised price by the market approach				10,000.00
Less:	Management fee	2.50%	of appraised price by the market approach	250.00
	Sales tax and transfer fee	1.00%	of appraised price by the market approach	100.00
	Specific business tax	3.30%	of appraised price by the market approach	330.00
	Profit and possession risk	15.00%	of appraised price by the market approach	1,500.00
	<b>Total expenses</b>	<b>21.80%</b>		<b>2,180.00</b>
<b>Appraised price after discount</b>				<b>7,820.00</b>
<b>(rounded off)</b>				<b>7,800.00</b>

Note: Profit and possession risk include interest rate incurred from possession of property.

After adjustment for factors and quality, the 111 plots of land totaling 18,318.40 square wah (45-3-18.40 rai) were appraised at Baht 7,820 per square wah, **rounded off to Baht 7,800**, or at a total of Baht 142,883,520, **rounded off to Baht 142,884,000**. To sum up, TA recommended an appropriate appraised land value of **Baht 142,884,000**.

### ***Opinion of the IFA on property appraisal by the independent valuer***

In our opinion, the use of the market approach with weighted quality scores (WQS) for land appraisal by TA is suitable. The appraisal was based on a selection of market data that could reasonably reflect value of the appraised property, by focusing on comparable properties that are in the areas nearby the appraised property within a radius of 3 kilometers and are vacant land close to a golf course, similar to the appraised property. Upward/downward adjustment was made to the scoring of market data for factors that differ from the appraised property such as location, accessibility, parcel point, infrastructure, environment, optimum land use, growth potential, etc. After that, the market price was figured out by weighting on the adjusted value, assigning the significance level of comparison to identify value of the appraised property, and providing a discount for property items that are combined into a portfolio to arrive at a fair value of the property. Such appraisal method is part of the market price assessment process under professional practices adopted by the independent valuer.

### ***Opinion of the IFA on property appraisal by the independent valuers (Knight Frank and TA)***

We are of the opinion that land appraisal based on the government appraisal price, determined by the Treasury Department, cannot reflect a true market value of the property. However, the government appraisal value can be used as a minimum benchmark for estimating land value for the purposes of collection of property sale tax, stamp duty and fee for registration of rights and juristic acts. For this land appraisal, Knight Frank used the residual method for land valuation and the comparative method for selling price analysis and determination, while TA appraised the land value by the market approach by analyzing market price of the developed small lots of land, deducted by land development cost and relevant project expenses to arrive at market value of the appraised property. In our opinion, such method is appropriate because the land appraised has already been clearly divided into small lots and the land was evaluated based on an analysis and comparison with other properties which were similar to the appraised property and were sold/purchased or offered for sale during about the same period of time. Hence, the most updated price was derived by this approach, which could best reflect value of the property in its present condition.

Nonetheless, the difference in appraised value by the two independent valuers resulted from the difference in their assumptions, selected comparable market data, weighted quality scoring, grading of the appraised property and the comparable market data, and proportion of project management costs or expenses based on experience, all of which depend on the viewpoints and judgment of the individual valuers who have primarily adhered to their specialized professional practices.

### **(b) Assessment of appropriateness of project investment or operation**

The Company will purchase 111 plots of land with a total area of 45-3-18.40 rai or 18,318.40 square wah from PCC for development into a horizontal project for sale in the name of Pattaya Country Club Home & Residence, located in Pattaya Country Club & Resort Project, Khao Mai Kaeo Sub-district, Bang Lamung District, Chon Buri Province.

To identify the appropriateness of investment in the said land acquisition for real estate development, we have studied the project viability by assessing the project's cash flow and gross profit margin compared with those of other projects that are similar to the previous projects operated by the Company.

Cash flow projection of the project has been prepared by the Company based on its sales plans and experience in project operation. However, we have adjusted some assumptions in line with the economic environment and relevant industry situations, together with the interviews with and enquiries of information from the Company's management/officials and the analysis of other

property-related information. These assumptions have been established under the present economic circumstance. If there is any material change from the assumptions in the economic condition and other external factors that affect the project operation, the appraised value of the project will change as well.

**Key assumptions used for preparation of financial projection of the project**

Pattaya Country Club Home & Residence is a horizontal residential project, consisting of 110 units of one-level single houses with a total area of 17,641.38 square wah. Each unit has a land area of about 146.60 - 286.90 square wah with function area of 160 - 180 square meters. Construction is scheduled to commence in August 2018 and sales will be launched in November 2018. Income recognition will begin in February 2019 until the end of the project in June 2021 (the project period will start in August 2018 and end in June 2021 or about three years).

The Company has prepared a cash inflow/outflow forecast for the project, with a sale and transfer period of about three years from the start of construction.

1) Revenues from sales

The Company has estimated the average selling price, based on the business plan, construction design and experience in operation of projects of the same grade, at Baht 5.61 per unit. The average number of units sold in the initial sales period (November 2018 - March 2020) is projected at 4 units per month and in the subsequent sales period (April 2020 - May 2021) at 3 units per month. Sales will be launched in November 2018 and ownership transfers to customers will begin after three months from the month of sales launch.

Revenues from sales of residences are forecast based on payment made by customers in two tranches: (1) down payment at 5% of selling price made on the reservation date, and (2) transfer amount of 95% of selling price payable on the ownership transfer date. According to the projection, transfers will begin in February 2019.

We are of the opinion that assumptions used for revenues estimation, comprising the project period, average number of units sold per month, construction period, and transfer period, based on the Company's experience in previous horizontal residential project management are considered viable on a conservative basis. Moreover, the estimated selling price is considered viable because it is in the market price range of nearby residential properties as surveyed by Knight Frank, as follows:

No.	Project name	Location	Type of project	Selling price (Baht million)
1	Pattaya Country Club Home & Residence (existing phase)	Chachoengsao - Sattahip Road (Highway 331)	One-level single house	4.55 - 4.72
2	Jinda Land	Chachoengsao - Sattahip Road (Highway 331)	One-level single house / two-level single house	3.20 - 4.50
3	AMPIO	Bang Lamung - Rayong Road (Highway 36)	One-level single house / two-level single house	3.59 - 4.09
4	The Valley Bowin Amata City	Chachoengsao - Sattahip Road (Highway 331)	One-level single house	3.50
5	PATTA PRIME	Bang Lamung - Rayong Road (Highway 36)	One-level single house / two-level single house	5.16 - 7.77
6	Ban Chalita 2	Soi Pattaya Remand Prison, Bang Lamung - Rayong Road (Highway 36)	One-level single house / two-level single house	4.00 - 5.45
7	Ban Romsai	A Public Soi, off Bang Lamung - Rayong Road (Highway 36)	One-level single house	2.94

Source: Property appraisal report by Knight Frank dated February 20, 2018



## 2) Costs of project

Costs of Pattaya Country Club Home & Residence Project are composed of cost of land, cost of construction, cost of land development, designing and permit application fee, details of which are as follows:

- Cost of land with an area of 45-3-18.40 rai or 18,318.40 square wah is estimated at Baht 87.91 million plus a transfer fee of Baht 0.88 million, which, as per the sale and purchase agreement, will be jointly paid by the two parties on a 50:50 basis, or equal to 1% of the sale and purchase price.
- Cost of construction is estimated at Baht 218.59 million with total construction area of 18,140 square meters, equivalent to an average construction cost of Baht 12,050/square meter, which is in line with the cost of construction of horizontal projects of the same grade currently operated by the Company.
- Cost of land development is estimated at Baht 32.51 million, comprising cost of road construction, club house construction, public park construction, sales office and decoration of sample houses, based on the area as per project design and cost of development per square meter or lump-sum cost.
- Contingency cost is estimated at 1% of cost of construction and cost of land development, or equal to Baht 2.51 million.
- Standard furniture packages are estimated at Baht 11.0 million.
- Designing and permit application fee is estimated at Baht 3.05 million, comprising home designing fee of Baht 2.50 million in total or Baht 22,727/unit, housing estate permit, construction permit, survey and title deed separation, and authority contact expenses of Baht 5,000/unit.

We are of the opinion that assumptions used for project's costs estimation are considered viable and in line with the Company's experience in previous horizontal residential project management.

## 3) Selling and administrative expenses

Selling and administrative expenses are mostly estimated in percentage of revenues from sales. Expenses payable to the concerned authorities are set based on the rate specified by such authorities. They consist of:

- Specific business tax is estimated at 3.30% and transfer fee at 1% of selling price of housing unit (transfer fee is jointly borne by the Company and each buyer on a 50:50 basis). These expenses are incurred upon recognition of revenues from sales after ownership transfer to customers.
- Sales office expenses are estimated at Baht 200,000/month, according to the Company's forecast based on its experience in previous project management.
- Marketing and advertisement expenses are estimated at 1.5% of revenues from sales, based on the Company's experience in management of housing estate projects and in line with expense projection for real estate projects in general.
- Discounts, premium gifts and promotion expenses are estimated at 2% of revenues from sales.

## 4) Income tax

Corporate income tax is set to be 20% of pre-tax profit.

## 5) Interest expenses

Interest rate on loans raised to fund project development is estimated at 5.00% p.a., based on the interest rate on credit facilities currently used by the Company.

### **Discount rate**

The discount rate used for estimating present value of net cash flow of the project is equal to 6.48%, which is derived from the project's weighted average cost of capital (WACC). The formula for WACC calculation is as follows:

*Calculation of WACC:*

$$\text{WACC} = K_e(E/V) + K_d(1-t)(D/V)$$

$$K_e = \text{Cost of equity, equal to 14.99\%}$$

$$K_d = \text{Average interest rate on loans for project financing, equal to 5.00\%}$$

$$t = \text{Corporate income tax, equal to 20\%}$$

$$E/V = \text{Percentage of financing that is equity, equal to 22.60\% based on self-financing for project implementation of Baht 70 million, as forecast by the Company}$$

$$D/V = \text{Percentage of financing that is debt, equal to 77.40\% based on debt financing for project implementation of Baht 239.68 million}$$

$$V = D + E$$

*Calculation of  $K_e$ :*

$$K_e = R_f + \beta(R_m - R_f)$$

Where: Risk free rate ( $R_f$ ) Based on bid yield on government bond with remaining maturity of 3 years as of March 9, 2018 (which is consistent with the project period), equal to 1.59% (source: [www.thaibma.or.th](http://www.thaibma.or.th))

Beta ( $\beta$ ) Variance of SET return compared with closing price of SENA shares over the past three years, equal to 1.094 (source: Bloomberg as of March 9, 2018, which is consistent with the project period)

$R_m$  Average rate of return on the SET over the past 30 years, which is a period that could reflect investment condition in different time periods better than shorter-term data (source: SET data from 1988 to 2017), equivalent to 13.84%

### **Present value of net cash flow and IRR**

The present value of net cash flow and IRR of Pattaya Country Club Home & Residence Project are as shown below:

	2018	2019	2020	2021
<b>Cash inflow</b>	<b>2,242,282</b>	<b>269,073,884</b>	<b>245,249,634</b>	<b>100,061,850</b>
<b>Cash outflow</b>				
- Cost of land	88,793,149	-	-	-
- Cost of construction	52,834,604	126,803,051	73,968,446	-
- Cost of furniture	-	4,800,000	4,400,000	1,800,000
- Permit application fee	3,050,000	-	-	-
- Selling and administrative expenses	3,599,873	22,351,465	20,938,827	8,806,791
<b>Total cash outflow</b>	<b>148,277,627</b>	<b>153,954,516</b>	<b>99,307,273</b>	<b>10,606,791</b>
<b>Net cash flow</b>	<b>(146,035,345)</b>	<b>115,119,368</b>	<b>145,942,360</b>	<b>89,455,059</b>
Interest expenses x (1- income tax rate)	2,027,314	2,487,962	172,593	-
Income tax	-	-	-	39,724,321
<b>Total cash flow</b>	<b>(144,008,031)</b>	<b>117,607,330</b>	<b>146,114,953</b>	<b>49,730,738</b>
Present value of net cash flow	(142,080,155)	106,451,066	124,179,293	40,968,342
<b>Total present value of net cash flow</b>	<b>129,518,546</b>			
<b>IRR per year</b>	<b>46.80%</b>			

From the above projection for Pattaya Country Club Home & Residence Project and using the project's WACC of 6.48% as a discount rate, we have estimated the net present value of free cash flow of the project at Baht 129.52 million with an IRR of 46.80% per year, which is higher than the project's WACC and also higher than the estimated interest rate on loans for the project of 5.00% p.a.

Moreover, Pattaya Country Club Home & Residence Project is expected to generate a gross profit margin of 42.19%, which is at a high level and higher than those earned by the Company in a range of 31% - 35% from its other horizontal projects of the same grade. This is because the project bears a low cost of land since the land purchase price is cheaper than market price by about 40.45% (based on the average price appraised by the two independent valuers in January and February 2018 respectively), thus enabling the Company to receive favorable return from investment in this project.

#### **4.1.2 Purchase of two plots of land with a total area of 12-2-79.70 rai located in Sena Grand Home Project, Pathum Thani Province, from Mrs. Nidda and Sirinthip**

##### **(a) Analysis of sale and purchase price vs. appraisal price**

The Company will purchase two plots of land with a total area of 12-2-79.70 rai or equivalent to 5,079.70 square wah, located in Sena Grand Home Project, Bang Bua Thong - Bang Phun Road, Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province, from Mrs. Nidda and Sirinthip, who are connected persons of the Company, at a total price of Baht 137,151,900 which is not higher than the average appraised price by two independent valuers. Details of the land are as follows:

1. Land under title deed no. 98455 with an area of 11-3-4.50 rai or equal to 4,704.50 square wah to be acquired from Mrs. Nidda at a purchase price of Baht 127,021,500 or Baht 27,000 per square wah; and
2. Land under title deed no. 74195 with an area of 0-3-75.20 rai or equal to 375.20 square wah to be acquired from Sirinthip at a purchase price of Baht 10,130,400 or Baht 27,000 per square wah.

The Company assigned two SEC-approved independent valuers, C.I.T. Appraisal Co., Ltd. ("CIT") and T.A. Management Corporation (1999) Co., Ltd. ("TA"), to appraise a fair value of such land. The appraised price by the two valuers is equal to Baht 26,000 and Baht 28,000 per square wah respectively, as shown below:

Independent valuer	Appraisal method	Appraised price (Baht/sq. wah)	Average appraised price by two valuers (Baht/sq. wah)	Sale and purchase price (Baht/sq. wah)	Difference between sale and purchase price and average appraised price (Baht/sq. wah)
1. CIT	Market approach	26,000	27,000	27,000	-0.00-
2. TA	Market approach	28,000			

The IFA is of the opinion that the market price or fair value appraised by the independent valuers by the market approach can be properly used as a reference price to identify the sale and purchase price for the land to be acquired in this transaction and can well reflect the actual value of the appraised property. The appraised price by CIT and TA is equal to Baht 26,000 and Baht 28,000 per square wah respectively, representing an average of Baht 27,000 per square wah. Therefore, the transaction price, which is not higher than the average fair value appraised by the two independent valuers, **is considered reasonable.**

### Summary of land appraisal

The assets appraised by the independent valuers are two plots of vacant land, comprising land under title deed no. 98455 with an area of 11-3-4.50 rai or equal to 4,704.50 square wah and land under title deed no. 74195 with an area of 1-0-7.80 rai or equal to 407.80 square wah. (The land appraised by the two valuers is inclusive of a parcel of 32.60 square wah, which is not a part of the land to be acquired in this transaction, but is the land previously approved by the Board of Directors' Meeting No. 1/2018 on January 29, 2018 for the Company to purchase.) The two plots of land are connecting, with one side being next to the road in Sena Grand Home Project, Bang Bua Thong - Bang Phun Road which is a private road (under right of way) already registered as easement for walkway, road and public utility systems. The land is at Km. 18+200 from Bang Bua Thong - Bang Phun Road (Highway 345), Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province.

According to the appraisal reports of the two independent valuers, comprising CIT's report dated January 24, 2018 and TA's report dated January 8, 2018, prepared for market value measurement and for public purpose, the land appraisal can be summed up as follows:

Appraisal method	Description of appraised assets	Owner	Appraised value by independent valuer	
			CIT	TA
Market approach	<ul style="list-style-type: none"> <li>- Two plots of land under title deeds no. 98455 and 74195 with a total area of 12-3-12.30 rai or 5,112.30 square wah*</li> <li>- The land is located to the east of the entrance to Sena Grand Home Project, Bang Bua Thong - Bang Phun Road (right of way), at Km. 18+200 from Bang Bua Thong - Bang Phun Road (Highway 345), about 336-350 meters to the north, Bang Phun Sub-district, Mueang Pathum Thani District, Pathum Thani Province.</li> <li>- The two land plots are connecting, with polygonal shape. The land has been improved, about 0.15 meters above the road level.</li> </ul>	Mrs. Nidda (title deed no. 98455) and Sirinthip (title deed no. 74195)	Baht 132,920,000* (Baht 26,000/sqw.)	Baht 143,144,400* (Baht 28,000/sqw.)

Appraisal method	Description of appraised assets	Owner	Appraised value by independent valuer			
			CIT	TA		
	<b>Government land value appraisal</b>		<b>Baht 88.85 million*</b>			
			<b>Title deed no.</b>	<b>Land area (sq. wah)</b>	<b>Government land value appraisal (Baht/sq. wah)</b>	<b>Total price (Baht)</b>
			98455	4,704.50	17,500.00	82,328,750
			74195	407.80	16,000.00	6,524,800
			<b>Total</b>	<b>5,112.30</b>	<b>Avg. 17,380.35</b>	<b>88,853,550*</b>

Note: \* The land lot under title deed no. 74195 was appraised by including the plot of 32.60 square wah, which is not a part of the land to be acquired in this transaction, but is the land previously approved by the Board of Directors' Meeting No. 1/2018 on January 29, 2018 for the Company to purchase. Therefore, by taking into account only the land to be purchased in this transaction, having an area of 12-2-79.70 rai or 5,079.70 square wah, the appraised land value by CIT would be Baht 132,072,200 and the appraised value by TA would be Baht 142,231,600, with the government land value appraisal equal to Baht 88,331,950 or approximately Baht 88.33 million.

### **Appraisal by CIT**

CIT appraised the property, which is a vacant land, by **the market approach**.

The market approach is a method used for property valuation through comparison of the appraised item with other plots of land that were actually sold and purchased in nearby areas and in the most recent period, based on relevant factors such as difference in land area, length-width, strength of location, convenience in transportation, public utility system, and development potential. The property value is then analyzed, using methods such as sale adjustment-grid method, weight quality score (WQS), etc.

CIT applied the market data grid to value the property. The selected market data derived from a survey were value-adjusted using the market data grid, which was a comparison of the appraised property with the market data based on relevant factors such as land size, shape, location, environment, land use restrictions, accessibility, etc. In the comparison, strengths and weaknesses of variables were taken into consideration. Then, the derived property value was adjusted by way of weighting on comparable data. The sum of weighted score multiplication of each variable would be the actual market value of the appraised property.

From a survey of market data on 11 plots of land nearby, CIT selected three plots, having sale and purchase prices and/or expected selling prices between Baht 24,500 and Baht 33,750 per square wah, for analysis and determination of the property value. The derived data were analyzed and adjusted up or down as deemed appropriate based on the key relevant factors. Comparison of the appraised property and the market data is shown in the table below:

Particulars	Appraised property	Comparable data		
		Data 1	Data 2	Data 3
Type of property	Vacant land	Vacant land	Land with construction (price excl. construction)	Vacant land
Location	Next to a road under right of way, about 336 meters from Bang Bua Thong - Bang Phun Road	Next to Bang Bua Thong - Bang Phun Road	Next to Bang Bua Thong - Bang Phun Road	Next to Bang Bua Thong - Bang Phun Road
Location comparison (superior/inferior)	-	Superior to the appraised property	Superior to the appraised property	Superior to the appraised property

Particulars	Appraised property	Comparable data		
		Data 1	Data 2	Data 3
Distance from main road	About 336 meters	Next to the main road	Next to the main road	Next to the main road
Distance from the Dark Red electric train line (under construction)	About 3.40 kilometers	About 2.26 kilometers	About 2.40 kilometers	About 3.00 kilometers
Nearby community	Residential	Commercial and residential	Commercial and residential	Commercial and residential
Title document	Title deed	Title deed	Title deed	Title deed
Land area (rai)	12 - 3 - 12.30	3 - 0 - 28	21 - 2 - 53	5 - 2 - 0
Land area (sq. wah)	5,112.30	1,228.00	8,653.00	2,200.00
Land shape	Polygonal	Rectangular	Polygonal (T shape)	Rectangular
Frontage x depth	Frontage: 153.00 meters Deepest: 188.00 meters	Frontage: 20.00 meters Depth: 245.60 meters	Frontage: 44.00 meters Deepest: 356.00 meters	Frontage: 50.00 meters Depth: 200.00 meters
Land level	0.15 meters above road level	Same as road level	Same as road level	Same as road level
No. of sides facing a road	1 side	1 side	1 side	1 side
Type of road (surface)	Reinforced concrete / road under right of way	Asphalt / public road	Asphalt / public road	Asphalt / public road
Width/road width	Width: 12.00 meters Road width: 20.00 meters	Width: 21.00 meters Road width: 36.00 meters	Width: 21.00 meters Road width: 36.00 meters	Width: 21.00 meters Road width: 36.00 meters
Public utilities	Electricity, water supply, drainage pipe, road lighting, telephone and walkway	Electricity, water supply, drainage pipe, road lighting, telephone and walkway	Electricity, water supply, drainage pipe, road lighting, telephone and walkway	Electricity, water supply, drainage pipe, road lighting, telephone and walkway
Town plan	Community area (Pink Zone)	Community area (Pink Zone)	Community area (Pink Zone)	Community area (Pink Zone)
Offered selling price (Baht/sq. wah)		50,000	25,000	33,750
Expected selling price (Baht/sq. wah)		40,000	24,500	-
Sale and purchase price (Baht/sq. wah)		-	-	33,750
Offering/sale-purchase date		Jan 23, 2018	Jan 23, 2018	Early 2017
Adjusted for period of sale/expected sale (Baht/sq. wah)		0.00	0.00	0.00
Adjusted for cut-fill work and eviction as to land beneath high voltage power lines (Baht/sq. wah)		140	140	140
<b>Total initial adjusted value (Baht/sq. wah)</b>		<b>40,140</b>	<b>24,640</b>	<b>33,890</b>

### Analysis of relevant factors

Relevant factors	Comparable data					
	Data 1		Data 2		Data 3	
	%	Amount (Baht/sqw.)	%	Amount (Baht/sqw.)	%	Amount (Baht/sqw.)
- Land size	-16%	(6,422)	5%	1,232	-5%	(1,695)
- Location and environment	-5%	(2,007)	-5%	(1,232)	-5%	(1,695)
- Distance from main road	-10%	(4,014)	-10%	(2,464)	-10%	(3,389)
- Distance from Dark Red Line	-5%	(2,007)	-5%	(1,232)	0%	-



Relevant factors	Comparable data					
	Data 1		Data 2		Data 3	
	%	Amount (Baht/sqw.)	%	Amount (Baht/sqw.)	%	Amount (Baht/sqw.)
- Land shape	-5%	(2,007)	10%	2,464	-5%	(1,695)
- Frontage x depth	20%	8,028	15%	3,696	10%	3,389
- No. of sides facing a road	0%	-	0%	-	0%	-
- Road width	-5%	(2,007)	-5%	(1,232)	-5%	(1,695)
- Road surface	0%	-	0%	-	0%	-
- Right of way	-5%	(2,007)	-5%	(1,232)	-5%	(1,695)
- Convenience in transportation	-5%	(2,007)	-5%	(1,232)	-5%	(1,695)
- Public utilities	0%	-	0%	-	0%	-
- Current land use	0%	-	0%	-	0%	-
- Land use restrictions and regulations	0%	-	0%	-	0%	-
- Development potential	10%	4,014	-5%	(1,232)	10%	3,389
Adjustment result (Baht/sq. wah)	(10,436.40)		(2,464.00)		(6,778.00)	
<b>Value after adjustment (Baht/sq. wah)</b>	<b>29,703.60</b>		<b>22,176.00</b>		<b>27,112.00</b>	
<b>Final adjustment</b>						
<b>Total adjustment</b>	<b>216.00%</b>	<b>86.00%</b>	<b>70.00%</b>	<b>60.00%</b>		
Difference value	1.00	0.40	0.32	0.28		
Similarity value	9.20	2.51	3.09	3.60		
<b>Weighting on comparable data</b>	<b>1.00</b>	<b>0.27</b>	<b>0.34</b>	<b>0.39</b>		
Value after weighting	26,163.69	8,111.52	7,440.06	10,612.11		
<b>Net market value (Baht/sq. wah)</b>	<b>26,000.00</b>					
Land area (sq. wah)	5,112.30					
Total net property value	132,919,800.00					
<b>Total net property value, rounded off (Baht)</b>	<b>132,920,000.00</b>					

From the final adjustment, the two plots of land with a total area of 5,112.30 square wah (12-3-12.30 rai) were appraised at **Baht 26,000 per square wah** or a total of Baht 132,919,800, rounded off to Baht 132,920,000. To sum up, CIT recommended an appropriate market value of land of **Baht 132,920,000** (the market price for only the land area to be sold and purchased in this transaction of 5,079.70 square wah (12-2-79.70 rai) is equal to Baht 132,072,200).

***Opinion of the IFA on property appraisal by the independent valuer***

We view that the land appraisal by the market approach and analysis of the appraised property value using the market data grid by CIT is suitable. The valuer selected market data that could reflect value of the appraised property. For instance, the compared properties are next to Bang Bua Thong - Bang Phun Road, which is in the vicinity of the appraised property, and are developable into a horizontal residential project. The scoring of relevant factors of the appraised property such as land size, distance from main road, land shape, frontage and depth, etc., was also adjusted up/down. The appraised property is slightly inferior to the comparable market data in terms of location because it is in Sena Grand Home Project which is about 336 meters from the main road, Bang Bua Thong - Bang Phun Road, and about 3.40 kilometers from the Dark Red Line electric train route (Bang Sue - Rangsit), whereas the compared properties are next to the main road and closer to the Dark Red Line electric train route than the appraised property. The valuer then made final adjustment to the sum derived from adjustment for all factors that affect value of the appraised property, by giving weights to the compared data to arrive at value of the appraised property. Such appraisal method, using the market data grid, is part of the market price assessment criteria under professional practices adopted by the independent valuer.

### Appraisal by TA

TA appraised the property, which is a vacant land, by **the market approach**.

The market approach is used for appraising property which is land since there are sufficient market data on the same or similar type of properties and prevailing in the same time period available for marketing comparison to serve as a representative value. Value of the properties is adjusted to about the same level based on their respective physical condition and characteristics.

Since some variables of the market data adopted in the appraisal were different from those of the appraised property and would affect the property value, TA therefore employed the weighted quality scores (WQS) in adjustment for factors such as location, accessibility, parcel point, land shape and size, physical condition of land, infrastructure, environment, optimum land use, and growth potential. The variables with a remarkable variance when compared with the appraised property were given a high weighting. Total weighting score of all variables was equal to 100%. Each variable was scored and then multiplied by its weight. The sum of weighted score multiplication of each variable would include the weighted quality scores (WQS).

In appraising the property, TA surveyed market data on eight plots of land nearby and selected four of them which had sale and purchase prices ranging from Baht 21,580 to Baht 40,000 per square wah and had the general physical condition most similar to the appraised property. Details of the comparable market data used for property appraisal are as follows:

Particulars	Comparable market data			
	Data 1	Data 2	Data 3	Data 4
Type of property	Vacant land	Vacant land	Vacant land	Vacant land
Location	Located in Sinthorn Rangsit housing estate, Rangsit - Pathum Thani Road (Highway 346)	Located in Sinthorn Rangsit housing estate, Rangsit - Pathum Thani Road (Highway 346)	Located on Soi Wat Premprachakon, Rangsit - Pathum Thani Road (Highway 346)	Located on Soi Muban Swiss House, Rangsit - Pathum Thani Road (Highway 346)
Land area (rai)	2 - 1 - 40	0 - 2 - 60	2 - 0 - 00	0 - 1 - 57
Land area (sq. wah)	940.00	260.00	800.00	157.00
Land shape	Trapezoid	Square	Quadrangle	Trapezoid
Frontage x depth	Frontage: about 52.00 meters	Frontage: 35.00 meters Depth: 40.00meters	Frontage: about 60.00 meters	Frontage: about 30.00 meters
Land level	Filled, same as road level	Filled, same as road level	Filled, same as road level	Filled, same as road level
No. of sides facing a road	1 side	1 side	1 side	1 side
Type of road (surface)	Asphalt, 12 meters	Reinforced concrete, 8.00 meters	Reinforced concrete, 8.00 meters	Reinforced concrete, 8.00 meters
Public utilities	Electricity, water supply, telephone, drainage pipe and road lighting	Electricity, water supply, telephone, drainage pipe and road lighting	Electricity, water supply, telephone, drainage pipe and road lighting	Electricity, water supply, telephone, drainage pipe and road lighting
Town plan	Pink Zone / community area	Pink Zone / community area	Pink Zone / community area	Pink Zone / community area
Optimum land use	Residential and commercial	Residential	Residential and commercial	Residential and commercial
Development potential	Moderate	Moderate	Moderate	Moderate
Land price (Baht/sq. wah)	38,000.00	40,000.00	30,000.00	21,580.00
Status	Offered for sale	Offered for sale	Offered for sale	Offered for sale
Date of data survey (offered selling price)	January 8, 2018	January 8, 2018	January 8, 2018	January 8, 2018

TA surveyed data on land sales and purchases or offered selling prices of land lots in the areas of Rangsit - Pathum Thani Road (Highway 346), within a radius of 3 kilometers from the appraised property, consisting of vacant land in Sinthorn Rangsit housing estate and vacant land on Soi Wat Premprachakon. The derived data compared with the appraised property can be summarized as follows:

Variables	Comparison of difference between market data and appraised property			
	Data 1	Data 2	Data 3	Data 4
Location	Superior	Superior	Superior	Similar
Physical condition	Similar	Similar	Similar	Similar
Road	Similar	Similar	Similar	Similar
Public utilities	Similar	Similar	Similar	Similar
Environment	Similar	Similar	Similar	Similar
Land use	Similar	Similar	Similar	Similar
Development potential	Similar	Similar	Similar	Similar
Growth potential	Similar	Similar	Similar	Similar
Conclusion	Superior	Superior	Superior	Similar

Here is the weighted quality scores (WQS) table for property value determination:

Compared factor	Scoring (%)	Comparable data				Appraised property
		1	2	3	4	
1. Location	20	7	7	7	5	7
2. Accessibility	15	8	7	7	5	7
3. Parcel point	10	7	7	7	5	6
4. Shape and size	15	5	6	5	7	4
5. Physical condition	10	5	5	5	5	5
6. Infrastructure	10	8	8	8	7	7
7. Environment	10	7	7	7	7	7
8. Optimum land use	5	7	7	7	7	7
9. Growth potential	5	7	7	7	7	7
<b>Total</b>	<b>100</b>	<b>675</b>	<b>675</b>	<b>660</b>	<b>590</b>	<b>625</b>

Note: Rating scale: 1-2 = Low 3-4 = Fair 5-6 = Moderate 7-8 = Good 9-10 = Excellent

Adjustment for factors and quality	Comparable data				Appraised property
	1	2	3	4	
Offered selling price (Baht/sq. wah)	38,000.00	40,000.00	30,000.00	21,580.00	
Reasonable price	35,000.00	35,000.00	28,000.00	20,000.00	
Weighted score	675	675	660	590	625
Adjustment ratio	0.9259	0.9259	0.9470	1.0593	1.0000
Adjusted price	32,407.41	32,407.41	26,515.15	21,186.44	
Significance level of comparison	0.25	0.25	0.25	0.25	1
Comparable value	8,101.85	8,101.85	6,628.79	5,296.61	28,129.10
<b>Market value of property (Baht/sq. wah) (rounded off)</b>					<b>28,000.00</b>

After adjustment for factors and quality, the two plots of land totaling 5,112.30 square wah (12-3-12.30 rai) were appraised at Baht 28,129.10 per square wah, **rounded off to Baht 28,000**. To sum up, TA recommended an appropriate appraised land value of **Baht 143,144,400** (the market price for only the land area to be sold and purchased in this transaction of 5,079.70 square wah (12-2-79.70 rai) is equal to Baht 142,231,600).

### ***Opinion of the IFA on property appraisal by the independent valuer***

In our opinion, the use of the market approach with weighted quality scores (WQS) for land appraisal by TA is suitable. The appraisal was based on a selection of market data that could diversely reflect value of the appraised property, by focusing on comparable properties that are vacant land located on a soi off the main road, similar to the appraised property, and in the areas nearby the appraised property within a radius of 3 kilometers. Upward/downward adjustment was made to the scoring of market data for factors that differ from the appraised property so as to ensure the scores of the market data were properly comparable with those of the appraised property. For example, if the compared properties were close to the main road and the road was wide enough for easy access, a higher score would be given to the compared properties than the appraised property for factors such as location, accessibility and parcel point. After that, the market price was figured out by weighting on the adjusted value and assigning the significance level of comparison to identify value of the appraised property. Such appraisal method is part of the market price assessment process under professional practices adopted by the independent valuer.

### ***Opinion of the IFA on property appraisal by the independent valuers (CIT and TA)***

We are of the opinion that land appraisal based on the government appraisal price, determined by the Treasury Department, cannot reflect a true market value of the property. However, the government appraisal value can be used as a minimum benchmark for estimating land value for the purposes of collection of property sale tax, stamp duty and fee for registration of rights and juristic acts. We consider that the use of the market approach by the two independent valuers for such land appraisal is an appropriate method for valuing the type of property having sale and purchase prices or offering prices available for comparison such as residential property and vacant land. The appraisal was made through an analysis and comparison with other properties which were similar to the appraised property and were sold/purchased or offered for sale during about the same period of time. Hence, the most updated price was derived from this approach, which could best reflect value of the property in its present condition.

Nonetheless, the difference in appraised value by the two valuers resulted from the difference in their assumptions, selected comparable market data, weighted quality scoring, and grading of the appraised property and the comparable market data, all of which depend on the viewpoints and judgment of the individual valuers who have primarily adhered to their specialized professional practices.

### **(b) Assessment of appropriateness of project investment or operation**

The Company will purchase two plots of land with a total area of 12-2-79.70 rai or 5,079.70 square wah from Mrs. Nidda and Sirinthip for development into a horizontal property for sale in the name of Sena Grand Home Project Phase 5. This project will continue from its previous project under which the Company acquired land in August 2017 (8-0-28.8 rai) and January 2018 (32.6 square wah). Sena Grand Home Project Phase 5 will in overall cover a total land area of 20-3-41.1 rai or 8,341.10 square wah, offering a total of 88 housing units for sale with a total saleable area of 5,597.00 square wah.

To identify the appropriateness of investment in the said land acquisition for real estate development, we have studied the project viability by assessing the project's cash flow and gross profit margin compared with those of other projects that are similar to the previous projects operated by the Company.

Cash flow projection of the project has been prepared by the Company based on its sales plans and experience in project operation. However, we have adjusted some assumptions in line with the economic environment and relevant industry situations, together with the interviews with and enquiries of information from the Company's management/officials and the analysis of other

property-related information. These assumptions have been established under the present economic circumstance. If there is any material change from the assumptions in the economic condition and other external factors that affect the project operation, the appraised value of the project will change as well.

**Key assumptions used for preparation of financial projection of the project**

Sena Grand Home Project is a horizontal residential project, consisting of 88 units of two-level single houses with a total saleable area of 5,597.00 square wah. Each unit has a land area of about 51 - 107 square wah with function area of 140 - 190 square meters. Construction is scheduled to commence in May 2018 and sales will be launched in September 2018. Income recognition will begin in October 2018 (the project period will start in May 2018 and end in April 2021). The Company has made a cash flow projection to prepare a cash inflow/outflow forecast for the project, with a sale and transfer period of about three years from the start of construction.

1) Revenues from sales

The Company has estimated the average selling price, based on the business plan, construction design and experience in operation of projects of the same grade, at Baht 8.73 per unit. The average number of units sold is projected at 3 units per month. Sales will be launched in September 2018 and ownership transfers to customers will begin in the month immediately after the month of sales launch.

Revenues from sales of residences are forecast based on payment made by customers in two tranches: (1) down payment at 5% of selling price made on the reservation date, and (2) transfer amount of 95% of selling price payable on the ownership transfer date. According to the projection, transfers will begin in October 2018.

We are of the opinion that assumptions used for revenues estimation, comprising the project period, average number of units sold per month, construction period, and transfer period, based on the Company's experience in previous horizontal residential project management are considered viable on a conservative basis. Moreover, the estimated selling price is considered viable because it is in the market price range of nearby residential properties of the same type with about the same land area and function area. From a market price survey on three other projects in that area by the Company's marketing staff, it has been found that the selling prices are in a range of Baht 6.09 million - Baht 9.50 million per unit, as follows:

No.	Project name	Location	Type of project	Selling price (Baht million)
1	Sena Grand Home	Bang Bua Thong - Bang Phun Road (Highway 345)	Single house	6.90 - 10.00
2	Burasiri Rangsit	Rangsit - Pathum Thani Road (Highway 346)	Single house	6.09 - 7.99
3	Perfect Place Rangsit 2	Rangsit - Pathum Thani Road (Highway 346)	Single house	7.00 - 8.00
4	Chewarom Rangsit	Rangsit - Nakhon Nayok Road (Highway 305)	Single house	Starting 9.50

Source: Survey by the Company

2) Costs of project

Costs of Sena Grand Home Project are composed of cost of land, cost of construction, and permit application fee, details of which are as follows:

- Cost of land with an area of 20-3-41.1 rai or 8,341.10 square wah is estimated at Baht 227.29 million, consisting of land acquired in August 2017 and January 2018 totaling Baht 84.44 million and land to be purchased in this transaction of Baht 137.15 million, plus a specific business tax (1.65% of sale and purchase price of land under title deeds no. 98455 and 98456) of Baht 3.48 million and a transfer fee (1% of sale and purchase price) of Baht 2.22 million, which, as per the sale and purchase agreement, will be jointly paid by the two parties on a 50:50 basis.
- Cost of construction is estimated at Baht 193.89 million with total construction area of 14,670 square meters, equivalent to an average construction cost of Baht 13,217/square meter, which is in line with the cost of construction of horizontal projects currently operated by the Company.
- Cost of land development is estimated at Baht 43.80 million, comprising cost of land filling, road construction, sales office and sample house decoration, club house construction, based on the area as per project design and cost of development per square meter or lump-sum cost.
- Costs of furniture, component part equipment, and landscaping for each unit are estimated at Baht 20.95 in total, comprising cost of solar panels installed at every housing unit of Baht 18.81 million and furniture and landscape around every house of Baht 2.14 million.
- Contingency cost is estimated at 1% of cost of construction, cost of land development, and costs of furniture, component part equipment, and landscaping for each unit, or equal to Baht 2.59 million.
- Kitchen packages are estimated at Baht 11.20 million.
- Designing and permit application fee is estimated at Baht 1.44 million, comprising home designing fee of Baht 1 million in total or Baht 11,364/unit, housing estate permit, construction permit, survey and title deed separation, and authority contact expenses of Baht 5,000/unit.

We are of the opinion that assumptions used for project's costs estimation are considered viable and in line with the Company's experience in previous horizontal residential project management.

### 3) Selling and administrative expenses

Selling and administrative expenses are mostly estimated in percentage of revenues from sales. Expenses payable to the concerned authorities are set based on the rate specified by such authorities. They consist of:

- Specific business tax is estimated at 3.30% and transfer fee at 1% of selling price. Transfer fee is jointly borne by the Company and each buyer on a 50:50 basis. These expenses are incurred upon recognition of revenues from sales after ownership transfer to customers.
- Sales office expenses are estimated at Baht 200,000/month, according to the Company's forecast based on its experience in previous project management.
- Marketing and advertisement expenses are estimated at 1.5% of revenues from sales, based on the Company's experience in management of housing estate projects and in line with expense projection for real estate projects in general.
- Discounts, premium gifts and promotion expenses are estimated at 2% of revenues from sales.



4) Income tax

Corporate income tax is set to be 20% of pre-tax profit.

5) Interest expenses

Interest rate on loans raised to fund project development is estimated at 5.00% p.a., based on the interest rate on credit facilities currently used by the Company.

**Discount rate**

The discount rate used for estimating present value of net cash flow of the project is equal to 6.86%, which is derived from the project's weighted average cost of capital (WACC). The formula for WACC calculation is as follows:

*Calculation of WACC:*

WACC	=	$Ke(E/V) + Kd(1-t)(D/V)$
Ke	=	Cost of equity, equal to 14.99%
Kd	=	Average interest rate on loans for project financing, equal to 5.00%
t	=	Corporate income tax, equal to 20%
E/V	=	Percentage of financing that is equity, equal to 25.98% based on self-financing for project implementation of Baht 120 million, as forecast by the Company
D/V	=	Percentage of financing that is debt, equal to 74.02% based on debt financing for project implementation of Baht 341.97 million
V	=	D + E

*Calculation of Ke:*

$$Ke = Rf + \beta(Rm - Rf)$$

Where:	Risk free rate (Rf)	Based on bid yield on government bond with remaining maturity of 3 years as of March 9, 2018 (which is consistent with the project period), equal to 1.59% (source: www.thaibma.or.th)
	Beta ( $\beta$ )	Variance of SET return compared with closing price of SENA shares over the past three years, equal to 1.094 (source: Bloomberg as of March 9, 2018, which is consistent with the project period)
	Rm	Average rate of return on the SET over the past 30 years, which is a period that could reflect investment condition in different time periods better than shorter-term data (source: SET data from 1988 to 2017), equivalent to 13.84%

**Present value of net cash flow and IRR**

The present value of net cash flow and IRR of Sena Grand Home Project Phase 5 are as shown below:

	2018	2019	2020	2021
<b>Cash inflow</b>	<b>79,836,349</b>	<b>314,110,227</b>	<b>304,948,679</b>	<b>68,929,744</b>
<b>Cash outflow</b>				
- Cost of land	227,286,607	-	-	-
- Cost of construction	87,080,045	130,620,067	43,540,022	-
- Cost of furniture	1,145,788	4,583,150	4,455,840	1,018,478
- Permit application fee	1,440,000	-	-	-
- Selling and administrative expenses	9,837,479	26,524,309	25,974,616	6,331,384
<b>Total cash outflow</b>	<b>326,789,919</b>	<b>161,727,526</b>	<b>73,970,479</b>	<b>7,349,862</b>
<b>Net cash flow</b>	<b>(246,953,569)</b>	<b>152,382,701</b>	<b>230,978,200</b>	<b>61,579,882</b>
Interest expenses x (1- income tax rate)	4,973,793	4,553,484	376,112	-
Income tax	-	-	-	36,997,083
<b>Total cash flow</b>	<b>(241,979,776)</b>	<b>156,936,185</b>	<b>231,354,311</b>	<b>24,582,799</b>
Present value of net cash flow	(241,904,946)	141,268,454	194,861,295	20,258,738
<b>Total present value of net cash flow</b>	<b>114,483,542</b>			
<b>IRR per year</b>	<b>27.61%</b>			

From the above projection for Sena Grand Home Project and using the project's WACC of 6.86% as a discount rate, we have estimated the net present value of free cash flow of the project at Baht 114.48 million with an IRR of 27.61% per year, which is higher than the project's WACC and also higher than the estimated interest rate on loans for the project of 5.00% p.a.

Moreover, Sena Grand Home Project Phase 5 is expected to generate a gross profit margin of 34.73%, which is considered favorable and is close to those earned by the Company from its other horizontal projects in a range of 31% - 35%.

## 4.2 Fairness of conditions for the transactions

### 4.2.1 Purchase of 111 plots of land with a total area of 45-3-18.40 rai or 18,318.40 square wah located in Pattaya Country Club & Resort Project, Chon Buri Province

The significant conditions agreed upon for the acquisition of land from the connected person of the Company are as described below:

#### - *Sale and purchase price*

The purchase price of land from PCC is Baht 87,914,009.21 in total or an average of Baht 4,799.22 per square wah, which is lower than the appraised price by the two independent valuers. Such price is equivalent to 59.55% of the average appraised price and is in line with the Business Contract.

The IFA is of the opinion that the sale and purchase price which is about 40.45% lower than the average appraised price is favorable to the Company. It will provide a competitive edge for the project to be developed by the Company in the future since the project's all-in cost is considerably low when compared with land purchase at a market price. Besides, the Company will enjoy a good return from such investment.

#### - *Terms of payment*

The Company will pay PCC a deposit of 10% of the sale and purchase price, or equal to Baht 8,791,400.92, on the date of land sale and purchase agreement signing, which will take place within 30 days from the date of obtaining approval from the 2018 Annual General Meeting of Shareholders or within such other date as to be agreed upon by the two parties, and will pay the remaining 90% of the sale and purchase price, or equal to Baht 79,122,608.29, on the date of

registration of land ownership transfer, which will take place within 30 days from the agreement signing date or within such other date as to be agreed upon by the two parties.

The IFA views that such payment terms, requiring a deposit payment to be made on the agreement signing date and the remaining payment on the ownership transfer registration date, are the usual practices for land sale and purchase transactions in general.

- *Commitment and right of way*

The transfer of land ownership must be made without prejudice to a right or without any encumbrances under the laws. On the ownership transfer registration date, the seller agrees to register the right of way over three plots of land under the certificate of land use (Nor.Sor.3Kor.) no. 803, no. 1622 and no. 2838, located in Pattaya Country Club & Resort Project, for the land to be purchased and sold in order to allow for entrance and exit to public roadway.

The IFA deems that the purchase of land from PCC with the right of way over three plots of land under the certificate of land use (Nor.Sor.3Kor.) as described above is an appropriate condition. It is necessary to ensure that PCC duly registers the right of way before the transfer of land ownership.

- *Expenses on land ownership transfer*

The Company and PCC agree to jointly pay, on a 50:50 basis, the duty, income tax, fee, specific business tax, land tax, building tax, and other taxes or any other expenses relevant to the registration of land ownership transfer according to the agreement.

The IFA is of the opinion that there is no law specifying whether the seller or the buyer shall be responsible for the transfer fee, but it depends on mutual agreement between the two parties. However, the agreement between the Company and the seller to jointly pay the transfer fee on a 50:50 basis is a usual practice for land sale and purchase and will not put the Company at a disadvantage.

We view that the overall conditions for the transaction are concluded from negotiations between the Company, as the buyer, and PCC, as the seller who is the connected person of the Company, taking into account the appropriateness and benefits for the Company. The conditions are also considered fair and will not cause the Company to lose any benefits. Most of the conditions are the usual practices for land sale and purchase transactions in general.

#### **4.2.2 Purchase of two plots of land with a total area of 12-2-79.70 rai located in Sena Grand Home Project, Pathum Thani Province**

The significant conditions agreed upon for the acquisition of land from the connected persons of the Company are as described below:

- *Sale and purchase price*

The purchase price of land from Mrs. Nidda and Sirinthip is Baht 127,021,500 and Baht 10,130,400 respectively or an average of Baht 27,000 per square wah, which is not higher than the average appraised price by the two independent valuers.

The IFA is of the opinion that the sale and purchase price which is equal to the average appraised price by the independent valuers is in line with the criteria set forth in the Memorandum of Agreement made by the Company with Mrs. Nidda and Sirinthip, requiring that the sale and purchase price must not be higher than the price appraised by the independent valuers. The said sale and purchase price is beneficial to project development with a reasonable cost of land and will enable the Company to enjoy a good return from such investment.

- ***Terms of payment***

The Company will pay the two sellers a deposit of 10% of the sale and purchase price, or equal to Baht 13,715,190 divided into Baht 12,702,150 payable to Mrs. Nidda and Baht 1,013,040 to Sirinthip, on the date of land sale and purchase agreement signing, which will take place within 30 days from the date of obtaining approval from the 2018 Annual General Meeting of Shareholders or within such other date as to be agreed upon by the two parties, and will pay the remaining 90% of the sale and purchase price, or equal to Baht 123,436,710 divided into Baht 114,319,350 payable to Mrs. Nidda and Baht 9,117,360 to Sirinthip, on the date of registration of land ownership transfer, which will take place within 30 days from the agreement signing date or within such other date as to be agreed upon by the two parties.

The IFA views that such payment terms, requiring a deposit payment to be made on the agreement signing date and the remaining payment on the ownership transfer registration date, are the usual practices for land sale and purchase transactions in general.

- ***Expenses on land ownership transfer***

The Company, Mrs. Nidda and Sirinthip agree to jointly pay, on a 50:50 basis, the duty, income tax, fee, specific business tax, land tax, building tax, and other taxes or any other expenses relevant to the registration of land ownership transfer according to the agreement.

The IFA is of the opinion that there is no law specifying whether the seller or the buyer shall be responsible for the transfer fee, but it depends on mutual agreement between the two parties. However, the agreement between the Company and the sellers to jointly pay the transfer fee on a 50:50 basis is a usual practice for land sale and purchase and will not put the Company at a disadvantage.

We view that the overall conditions for the transaction are concluded from negotiations between the Company, as the buyer, and Mrs. Nidda and Sirinthip, as the sellers who are the connected persons of the Company, taking into account the appropriateness and benefits for the Company. The conditions are also considered fair and will not cause the Company to lose any benefits. Most of the conditions are the usual practices for land sale and purchase transactions in general.

## **5. Conclusion of the IFA's opinion**

The IFA is of the opinion that the Company will enter into the acquisition of assets and connected transaction by purchasing land from PCC because such land is part of the land specified in the Business Contract under which PCC agrees to grant the Company the right to offer to purchase land and construction owned by PCC and located around Pattaya Country Club golf course, whereby PCC has no right to decline such purchase offer made by the Company. Besides, PCC has no intention to develop any new project on such land or to operate any business in competition with the Company. The Company has accordingly considered purchasing the land for development into a horizontal property project in line with its 2018 business plan in a bid to expand its horizontal project portfolio as planned. The land is in a strategic location as it is in the Eastern Economic Corridor (EEC) zone which in the future will become a large employment area where more communities will be set up with a promising economic growth potential as promoted by the government sector. As such, growing residential demand is anticipated, hence a good opportunity for the Company to develop a project on such land. The Company plans to develop a single-level detached house project of 110 units each on a large land area of 146.60 - 286.90 square wah, complete with a club house to cater to its residents, for sale at an average price of Baht 5.0 million - Baht 8.5 million per unit.

The benefits to the Company from the land purchase from PCC are that the Company will have additional land available for continuous real estate development, the core business in which it

has years-long expertise and experience. The acquired land is in a strategic location with a strong potential for urban expansion and housing demand growth. Therefore, this is a good opportunity for the Company to launch a project in that area and, as its first project in the upcountry, to boost Sena brand awareness. The sale and purchase price is much lower than market price, by about 40.45%, resulting in a low cost of land for such property development. The land has already been separated into small lots, with certain areas allocated for road or soi passing every land lot. The sale and purchase price of the land is calculated from only areas of the small plots, whereas the area of road or soi passing every lot will not be sold and purchased. The seller will register the easement for walkway, road and public utility systems for all those small lots. This is different from the purchase of a large land plot in general where buyer must buy the entire lot and divide the land for public area by itself afterwards. Moreover, entering into this transaction will enable the Company to increase its revenues, profit and return on investment in the future.

As for the entering into the acquisition of assets and connected transaction by purchasing land from Mrs. Nidda and Sirinthip, the land to be acquired by the Company is part of the land specified in the Memorandum of Agreement between the Company and Sirinthip dated April 3, 2006 and the Memorandum of Agreement between the Company and Mrs. Nidda dated July 3, 2017 (the objective of which is for Mrs. Nidda to assume the obligations and reaffirm rights of the Company under the MOA between the Company and Sirinthip dated April 3, 2006 as a consequence of the restructuring of land ownership of Sirinthip and the transfer of a parcel of land of Sirinthip to Mrs. Nidda) to limit the rights of Sirinthip and Mrs. Nidda to engage in the business of land development or house construction for sale and not to purchase any additional land or limit the rights to sell the land owned by Sirinthip or Mrs. Nidda. The Company envisages the potential for property development in the area where such land is located since it is the zone where the Company has successfully developed a horizontal housing project in the brand of Sena Grand Home. Besides, the Company previously planned to develop a housing estate project on a plot of land it earlier acquired, which is adjacent to the land to be purchased in this transaction. Therefore, the Company will take this opportunity to combine those land lots into a large piece of land for development of a large-scale project to serve the high-end market. This will match its 2018 business plan to broaden its customer base from the mid-end to low-end market to the upper-middle to high-end segment so as to diversify its business risk. The Company will develop Sena Grand Home Phase 5 Project under the Park Grand brand, offering about 88 units of single detached houses each with a land area of 60 - 100 square wah at an average price of Baht 5.0 million - Baht 8.5 million per unit.

The benefits from the land purchase from Mrs. Nidda and Sirinthip are that the Company will have additional land available for horizontal real estate development, the core business in which it has years-long expertise and experience. The land is close to a main road and is in a developed and growing residential and employment zone surrounded by educational institutes and other facilities. The Company can combine its existing land with the land to be acquired in this transaction, which are connecting, for development into a larger single project that can cater to customers who desire a house on a bigger land area. The Company can also benefit from economies of scale from such larger construction and sharing of common areas. It will pioneer, in Bang Phun area, the use of solar energy under the concept of SENA Solar House, which will increase the project's uniqueness and differentiate it from rivals' projects. Moreover, entering into this transaction will enable the Company to increase its revenues, profit and return on investment in the future.

Nonetheless, the entry into the two transactions described above will lead the Company to incur additional debts and interest expenses from loans borrowed to finance the land purchase and property development. The Company will also bear expenses in a greater amount than revenues earned during the initial period of investment. According to the accounting standards, while construction is still underway or ownership has not yet been transferred to customers, the Company cannot recognize revenues until the construction is completed as per the contract or the ownership and material benefits are transferred to its customers. In addition, the Company may face a risk from revenues, costs and expenses failing to meet projections, which could affect the rate of return on investment.

The purchase price of land from PCC, including 111 plots with a total area of 45-3-18.40 rai or 18,318.40 square wah, at a total value of Baht 87.91 million or approximately Baht 4,799.22 per square wah is lower than the average price appraised by the two independent valuers at Baht 8,320 per square wah and Baht 7,800 per square wah by 40.45%. The purchase price of land from Mrs. Nidda and Sirinthip, including two plots with a total area of 12-2-79.70 rai or 5,079.70 square wah, at a total value of Baht 137.15 million or approximately Baht 27,000 per square wah is equal to the average of the prices appraised by the two independent valuers at Baht 26,000 per square wah and Baht 28,000 per square wah. Therefore, the purchase prices for the two transactions **are considered reasonable**.

The IFA has determined the appropriateness of the investment in development of the land to be purchased from PCC into a horizontal property for sale under the Pattaya Country Club Home & Residence Project and the land to be purchased from Mrs. Nidda and Sirinthip into a horizontal property for sale in the Sena Grand Home Phase 5 Project under the Park Grand brand. **The Pattaya Country Club Home & Residence Project** will provide a gross profit margin of 42.19% with project's net present value of Baht 129.52 million and internal rate of return (IRR) of 46.80% per year, which is higher than the project's weighted average cost of capital and also higher than the estimated loan interest rate of the projects of 6.48% p.a. and 5.0% p.a. respectively. **The Sena Grand Home Phase 5 Project** will provide a gross profit margin of 34.73% with project's net present value of Baht 114.48 million and IRR of 27.61% per year, which is higher than the project's weighted average cost of capital and also higher than the estimated loan interest rate of the projects of 6.86% p.a. and 5.0% p.a. respectively.

Moreover, we view that the overall conditions for the transactions are the conditions set forth based on the negotiations between the Company, as the purchaser, and PCC, Mrs. Nidda and Sirinthip, as the sellers, by paying attention to the appropriateness and the interest of the Company. All conditions are deemed reasonable and fair and will not cause the Company to lose any benefit.

Based on all above rationales, we view that the shareholders will benefit from the transactions, which are considered reasonable with fair price and conditions. Therefore, the shareholders are recommended to vote in favor of the entering into the asset acquisition and connected transactions.

In deciding whether to approve or not approve the transactions, the shareholders can consider the reasons and opinion provided herein by the IFA. However, the final decision depends primarily on the shareholders' individual judgment.

We hereby certify that we have expressed opinion with due care and under professional standards by focusing primarily on the interest of the shareholders.

Yours sincerely,

Advisory Plus Company Limited

- *Nisaporn Rerkaram* -

(Nisaporn Rerkaram)  
Managing Director

- *Sumalee Tantayaporn* -

(Sumalee Tantayaporn)  
Operational Controller