

Information Memorandum on the Acquisition of the Additional Assets (No. 1)
of
Bualuang Office Leasehold Real Estate Investment Trust (B-WORK)

1.1 Transaction date

After obtaining the approval from trust unitholders' meeting of Bualuang Office Leasehold Real Estate Investment Trust ("REIT") for the acquisition of land, buildings, component parts, and M&E systems of Bangkok Business Center project ("Additional Assets (No. 1)") and other relevant arrangements, and after completion of the REIT's issuance and offering of additional trust units for sale for acquisition of the Additional Assets (No. 1) ("First Capital Increase"), and the contractual parties have fulfilled the conditions precedent under the agreements for the acquisition of Additional Assets (No. 1) and other relevant agreements.

1.2 Relevant parties and their relationship with the REIT and the REIT Manager

The REIT will acquire the Additional Assets (No. 1), by entering into agreements relating to the acquisition of the Additional Assets (No. 1) with a subsidiary of Principal Capital Public Company Limited (the "Property Owner") who is the owner of land, buildings, and M&E systems of Bangkok Business Center project, on the transaction date.

The Property Owner has no relationship or conflict of interest with the REIT, and is not a related person of the REIT Manager.

1.3 General description of the transaction

The REIT will directly invest in and acquire ownership of the Additional Assets (No. 1) from the Property Owner, including ownership of land, buildings, component parts, and M&E systems of Bangkok Business Center project ("BBC Project"). The REIT will enter into agreements relating to the acquisition of the Additional Assets (No. 1) with the Property Owner who is the owner of the properties, on the transaction date. In addition, any Property Owner's rights and obligations under the lease and service agreements and/or other agreements (if any) relating to business operation of the Additional Assets (No. 1), including rent deposit, management deposit, and other properties relating to the Additional Assets (No. 1), will be assigned to the REIT. The investment value of the Additional Assets (No. 1) will not exceed THB 1,550 million (exclusive of VAT, transfer fee, specific business tax, and

other related fees and expenses), which will be paid to the Property Owner in full on the transaction date, and will be funded by the capital raised from the REIT's issuance and offering of additional trust units for sale, and loan from financial institutions, and/or the issuance and offering of debentures.

The final price for the acquisition of the Additional Assets (No. 1) will be conditional upon the agreement between the REIT Manager and the Property Owner, and on the final offering price of the trust units, which will be based on the price of the trust units in the secondary market at the period when the final offering price is announced, and/or based on the book building results which will depend on various factors, such as condition of money market and capital market, and the offering of other financial products at the time, etc.

1.4 Details of the Additional Assets (No. 1)

The REIT will invest in the Additional Assets (No. 1) of which the details (as appear in the Attachment 2) are as follows:

(1) Land

Two plots of land, which is the current location of Bangkok Business Center building, in Phra Khanong Subdistrict (No. 11 Phra Khanong Nuea), Phra Khanong District, Bangkok, having the total area, as shown in the title deeds, of 1 rai, 3 ngan, 9 square wah. The details are as follows:

No.	Title deed no.	Plot no.	Survey page	Land area shown in the title deed	
				rai-ngan-square wah	Square wah
1	8330	450	1675	1-2-26	626.00
2	188885	1354	24745	0-0-83	83.00
Total area according to the deeds				1-3-09	709.00

(2) Building

Bangkok Business Center building is a 30-storey office building, with one-storey basement. The building was first opened for a business operation in 1995, and has the gross floor area (GFA) of approximately 37,089 square metres, with the net leasable area (NLA) of approximately 17,480 square metres, consisting of the office spaces and retail spaces for lease, and 283 parking spaces in the building. The details are as follows:

Type	Details
Net leasable area (NLA) of approximately 17,480 square meters	
1) Office spaces for lease	16,287 square meters on 11 st floor - 30 th floor
2) Retail spaces for lease	1,193 square meters on the basement and parts of 1 st floor - 3 rd floor
Other areas of the project, of approximately 19,609 square meters	
1) Common area of the office	Hallway, lobby area, meeting rooms on 4 th floor, and parking spaces on 1 st floor-10 th floor, etc.
2) Utilities and system areas	Pump rooms, security rooms, CCTV rooms, generator rooms, electrical rooms, and elevator machine rooms, etc.

- (3) Ownership of other buildings and assets which are component parts of the land and building, equipment, tools, M&E systems, and other assets which are related to and necessary for the use and business operation of the land and building of Bangkok Business Center project. M&E systems consist of air-conditioning system, electric system, sanitary system, communication system, elevator system, security system, fire protection and extinguishing system, and car parking system.

1.5 Transaction size

Details of the transaction size calculated based on the requirements under the Assets Acquisition or Disposal Notification, based on the audited financial statements of the REIT, as of 31 December 2020, are as follows:

- a) **Net tangible assets method**
Not applicable, as it is not a stock acquisition
- b) **Net operating profits method**
Not applicable, as it is not a stock acquisition

c) Total value of consideration method

$$\begin{aligned}
 \text{Transaction size} &= \frac{\text{Value of the sale agreement for the land and building}}{\text{Total assets of the REIT}} \\
 &= \frac{\text{Not exceeding THB 1,550.00 million}}{\text{THB 4,990.67 million}} \\
 &= \text{Not exceeding 31.06 per cent}
 \end{aligned}$$

d) Value of securities method

Not applicable, as there is no issuance of stock

The acquisition of the Additional Assets (No. 1) constitutes an asset acquisition. According to the Assets Acquisition or Disposal Notification, the total size of the transaction must be calculated altogether, including any asset acquisition transactions completed within the past six months. By using the total value of consideration method, the highest size of the transaction will be approximately not exceeding THB 1,550 million (exclusive of VAT, transfer fees, specific business tax, and other related fees and expenses), or approximately not exceeding 31.06 per cent of the total assets of the REIT, according to the audited financial statement as of 31 December 2020, which, according to the trust deed of the REIT, an acquisition or a disposal of asset with the value of exceeding 30.00 per cent of the total assets of the REIT must be approved by the trust unitholders' meeting.

1.6 Value of assets to be acquired

The REIT Manager has appointed two asset appraisal companies, namely, Jones Lang LaSalle (Thailand) Limited ("JLL") and C.I.T. Appraisal Co., Ltd. or Colliers International Thailand ("Colliers") (collectively referred to as the "Appraisers"), which are the qualified appraisers under the criteria of the Office of the Securities and Exchange Commission (the "SEC Office") to conduct valuation of the Additional Assets (No. 1), which can be summarized as per below:

Appraiser	Appraisal by income approach (THB million)	Date of appraisal	Investment value of the additional assets (THB million)	Higher than the lowest appraised value by (Percentage)
JLL	1,449.00	1 October 2021	Not exceeding	Not exceeding
Colliers	1,471.00	1 October 2021	1,550	6.97

Remarks: The information of the appraised value (using income approach) was derived from the asset appraisal report of JLL and Colliers dated 8 March 2021. The appraisal date 1 October 2021 is the starting date of financial projection period. Investors can see details on the assumption summary and the summary of the asset appraisal report in Attachment 2 and 3

The Appraisers used income approach to conduct valuation of the Additional Assets (No. 1), which is based on the Additional Assets (No. 1)'s ability to generate cash flow in the future, using the estimated future cash flow stream discounted by the appropriate discount rate to reflect the investment risks. The REIT Manager was of an opinion that this method is appropriate as it reflects the assets' ability to generate cash flow based on rental fees and service fees collected from both office and retail components, income from parking spaces, and other incomes, discounted by the relevant costs and expenses. Therefore, the REIT Manager opined that the use of discounted cash flow (DCF) analysis to find the present value of expected future cash flows of the assets is appropriate and suitable for the valuation of the assets, as it supports the future cash flow estimation and reflects the investment risks using the discount rate.

The transaction size of the proposed acquisition of the Additional Assets (No. 1) is not exceeding THB 1,550 million in total (exclusive of VAT, transfer fees, specific business tax, and other related fees and expenses), which is approximately 6.97 per cent higher than the lowest appraised value rendered by the Appraisers. The REIT Manager was of an opinion that the investment value is reasonable for trust unitholders, both in term of rate of return and investment risks, considering several factors e.g. rental income rate, location of the assets, past performance of the assets, and rental growth rate.

1.7 Criteria for determining the consideration value

The investment value of the Additional Assets (No. 1) will be considered based on rental income rate, location of the assets, past performance of the assets, potential growth rate of rental and service income, and investment risks of the assets, including the comparison with the appraised value of the assets shown in the appraisal reports issued by the two Appraisers.

1.8 Potential benefits from the acquisition of the Additional Assets (No. 1)

The REIT's proposed acquisition of the Additional Assets (No. 1) would potentially help maintain the approximate distribution per unit (DPU) rate of the trust unitholders in the next approximate 12 months at the same or higher level, compared with the scenario where there is no acquisition of the Additional Assets (No. 1). Additionally, it would help diversify the REIT's investment risks, increase the average period of REIT's investment, and enhance the REIT's opportunity and stability to generate more income to trust unitholders.

1.9 Sources of funds for the acquisition of the Additional Assets (No. 1)

Sources of funds for the acquisition of the Additional Assets (No. 1) consists of 1) the issuance and offering of additional trust units for sale no. 1; 2) long-term/short-term loan from financial institutions; and/or 3) issuance and offering of the debentures by the REIT.

1.10 Approval of the transaction

The transaction requires an approval of the trust unitholders' meeting with an affirmative vote of not less than three-fourths of the total votes of all trust unitholders attending the meeting and having the right to vote. In counting votes, the votes of the trust unitholders who have special interest in the matter will not be counted. To form the quorum, at least 25 trust unitholders or half of the total number of the trust unitholders, representing, in aggregate, not less than one-third of the total trust units sold, must be present.

1.11 Opinion of the Board of Directors of the REIT Manager regarding the proposed transaction

The Real Estate Investment Committee of BBL Asset Management Company Limited, as the REIT Manger, resolved in its meeting on 17 March 2021 to approve the REIT Manager' entering into the transaction to acquire the Additional Assets (No. 1). The committee is of the view that the

transaction is rational and beneficial for the trust unitholders and expects that the acquisition of the Additional Assets (No. 1) will help maintain the approximate distribution per unit (DPU) rate of the trust unitholders in the next approximate 12 months to be at the same level or higher, compared with the scenario where there is no acquisition of the Additional Assets (No. 1). Additionally, it would help diversify the REIT's real estate investment risks, increase the average period of REIT's investment, and enhance the REIT's opportunity and stability to generate more income to trust unitholders.

1.12 Opinion of the independent directors and/or directors of the REIT Manager that differs from the opinion of the Board of Directors of the REIT Manager

None.

1.13 Trustee's opinion

The Additional Assets (No. 1) that the REIT Manager proposed for approval for the acquisition are in accordance with the investment policy and the specified type of assets in the Trust Deed of B-WORK, and have been fully appraised with the verification of entitled right evidences, for the purpose of public use for disclosure to investors by the Appraisers having the qualifications as per the criteria of the SEC Office.

As the acquisition of the Additional Assets (No. 1) constitutes an acquisition of assets that have not been specified in the Trust Deed in advance, and an acquisition of the core assets of the REIT with the value of 30 percent of the total asset value of the REIT or above. Therefore, the REIT Manager has proceeded as specified in the Trust Deed of B-WORK. The entering into the proposed transaction required an approval of the meeting of the trust unitholders with an affirmative vote of not less than three-fourths of the total votes of all trust unitholders attending the meeting and having the right to vote. The trust unitholders having a special interest in the proposed transaction will not involve in voting on this agenda.

The additional assets that the REIT will acquire have been fully appraised with the verification of entitled right evidences, for the purpose of public use for disclosure to investors for the period of not exceeding one year by the Appraisers certified by the SEC Office. From examining the assumptions used by the Appraisers for this asset appraisal, the Trustee found no issue leading to believe that the assumptions are unreasonable. Nevertheless, the operating results may differ from the assumptions.

1.14 List of the first 10 trust unitholders as of the record date on 31 March 2021

Name	Number of Trust Units Held (Units)	Ratio of Trust Units Holding (approx. %)
1.True Properties Co., Ltd.	56,000,000	15.18%
2.Principal Property Income Fund	37,405,500	10.14%
3.Social Security Office	32,585,000	8.84%
4.Allianz Ayudhya Assurance PCL	28,000,000	7.59%
5.Government Savings Bank	25,606,500	6.94%
6.Muang Thai Life Assurance PCL	12,128,900	3.29%
7.Muang Thai Insurance PCL	9,400,000	2.55%
8.Krungthai-AXA Life Insurance PCL	7,403,400	2.01%
9.Aioi Bangkok Insurance PCL	7,323,100	1.99%
10. FWD Life Insurance PCL	6,830,000	1.85%
Total	222,682,400	60.38%

1.15 Previous connected transactions

None.

1.16 Summary of financial information of the REIT

Please see the attachment.

Summary of financial information of the REIT
for the financial year ended as of 31 December 2018, 31 December 2019, and 31 December 2020

Financial information according to the consolidated financial statements of the REIT, audited by KPMG Phoomchai Audit Ltd., for the financial year ended as of 31 December 2018, 31 December 2019, and 31 December 2020, can be summarized as follows:

(Unit: THB)

Statements of Financial Position	As of 31 December 2018	As of 31 December 2019	As of 31 December 2020
Assets			
Investment in leasehold properties at fair value	4,491,000,000	4,455,394,394	4,578,035,559
Investment measured at fair value through profit or loss	143,605,079	224,297,392	147,894,052
Cash and cash equivalents	134,921,117	86,410,536	207,568,928
Receivables on accrued interest income	330,528	656,893	45,939
Receivables on accrued rental and service income	55,752,275	65,962,562	14,507,151
Receivables on accrued other income	6,455,758	7,439,096	7,865,384
Deferred expenses	2,171,982	1,642,407	1,111,382
Refundable value added tax	17,801,438	3,713,678	-
Refundable deposits	10,726,388	10,523,200	10,523,200
Other assets	1,855,480	17,022,422	23,119,152
Total assets	4,864,620,045	4,873,062,580	4,990,670,747
Liabilities			
Trade accounts payable	18,990,116	7,355,663	15,419,587
Other payables and accrued expenses	31,923,049	46,579,316	42,928,386
Rental and service income received in advance	77,703,343	81,143,349	38,262,492
Deposits from rental and services	111,281,114	114,404,351	121,871,267

Statements of Financial Position	As of 31 December 2018	As of 31 December 2019	As of 31 December 2020
Long-term borrowings	920,000,000	920,000,000	920,000,000
Other liabilities	1,913,200	2,380,234	2,912,303
Total liabilities	1,161,810,822	1,171,862,913	1,141,394,035
Net assets			
Trust registered capital	3,620,030,160	3,620,030,160	3,620,030,160
Capital from unitholders	3,620,030,160	3,620,030,160	3,620,030,160
Retained earnings	82,779,063	81,169,507	229,246,552
Net assets	3,702,809,223	3,701,199,667	3,849,276,712

(Unit: THB)

Statement of comprehensive income	From 6 February to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Income			
Rental and service income	496,044,024	566,735,587	563,298,021
Interest income	2,347,203	3,311,094	2,089,892
Other income	7,808,409	9,480,341	10,248,522
Total income	506,199,636	579,527,022	575,636,435
Expenses			
Management fees	11,846,989	13,053,240	13,298,111
Trustee fees	7,703,580	8,499,685	8,627,017
Registrar fees	1,351,641	1,470,390	1,196,782
Property management fees	30,632,678	40,501,146	46,562,495
Professional fees	1,384,205	1,536,000	1,556,800
Amortisation of deferred expenses	453,258	529,575	531,026
Costs of rental and services	141,461,580	156,820,035	148,469,436
Administration expenses	2,810,248	2,906,884	2,294,774
Finance costs	35,029,315	47,020,822	41,276,493
Total expenses	232,673,494	272,337,777	263,812,934
Net profit on investment	273,526,142	307,189,245	311,823,501

Statement of comprehensive income	From 6 February to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Net gain (loss) on investment			
Net gain on changes in fair value of investments measured at fair value through profit or loss	-	-	42,921
Net gain on changes in fair value of investments in leasehold properties	-	-	122,141,165
Net unrealised loss on investments in leasehold properties	(78,853,159)	(35,813,041)	-
Total net gain (loss) on investments	(78,853,159)	(35,813,041)	122,184,086
Net increase in net assets resulting from operations	194,672,983	271,376,204	434,007,587

(Unit: THB)

Statements of Cash Flows	From 6 February to 31 December 2018	From 1 January to 31 December 2019	From 1 January to 31 December 2020
Net cash from operating activities	(4,268,736,732)	268,717,096	451,144,331
Net cash used in financing activities	4,403,657,849	(317,227,677)	(329,985,939)
Net increase (decrease) in cash and cash equivalents	134,921,117	(48,510,581)	121,158,392