



No. CGD56/0135

9 December, 2013

Subject: Additional information on investment of the UK ASSET

To: President of the Stock Exchange of Thailand

Country Group Development Public Company limited (“The Company”) submitted Notification on the Investment of the Asset Acquisition in United Kingdom on 27 November 2013 and Notification on the Investment of the Asset Acquisition in United Kingdom (Revised) on 28 November 2013.

The Company would like to provide further explanation on the investment.

1. Background of investment

At present, the Company has 2 existing real estate development projects. These are Elements Srinakarin and the Landmark Waterfront. The Company’s business policy is to invest in various projects related to real estate, both domestically and internationally, which can generate steady income and create returns for the Company in the long run.

The decision to invest in Data Center in the United Kingdom derives from the facts that it is an investment with good returns and can generate recurring income from rents in accordance with lease agreement, with approximately 20 years left on the lease. Moreover, the Company will also be able to create many types of returns from such asset; for example, a real estate investment trust (REIT) could be established, or profits from the sale of the investment in the future.

Additionally, this investment will not affect the capital investment of the Company’s existing projects. This is because the project is already receiving monetary supports from financial institution and there is enough capital for the completion of such project development.

2. The fair value of the UK ASSET calculated by IFA

JVS Financial Advisory Co., Ltd., an appointed independent financial adviser, has estimate the value of UK Asset for investment decision making of Country Group Development Public Company Limited. The fair price of GBP 21.00 – 23.00 million is calculated using the Discounted Cash Flow Approach. The valuation is based on the discount rate of 9.00 – 10.00%, the figure is calculated with the lending rate of approximately 4% which take into account the spread of investment in a foreign country at 2% (close to the spread between 1-year BIBOR and 1-year LIBOR).

The valuation of UK ASSET by using the Discounted Cash Flow Approach will reflect the value of asset by determining present value of future cash flow from UK ASSET. IFA has considered the lease contract and expected income from lease in the future.



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The preparing of forecasting future cash flow from UK ASSET is assumed on income from rental fee, expenses, debt financing and other important factor.

3. Track record of income deriving from the purchased asset

The income is from asset rental of UK ASSET by Baltic Internet Services (“BIS”), who is the sole lessee. The rent has been received in accordance with the lease agreement throughout the past 5 years, amounting to approximately 1,619,970 Pounds Sterling per annum.

4. Source of investment

For this investment, the Company has used cash and/or the Company’s working capital and/or proceeds from capital increase, including loans from financial institutions by the Company or its subsidiaries.

At the Extraordinary General Meeting of Shareholders No. 2/2013 on September 3, 2013, a resolution was passed to issue and to offer the capital increased shares of no greater than 500 million shares, on a private placement basis. The offer price is not lower than 90 per cent of the market price, which is calculated from the volume weighted average closing price of shares traded in the market for no less than 7 days but not exceeding 15 days, and not less than the par value of the Company’s shares. The objectives for the use of the proceeds from capital increase are to be working capital and to invest in the Company’s present and future projects.

In addition, the Company has received a preliminary approval from a financial institution in the United Kingdom for the purchase of such asset. Therefore, the investment in UK ASSET will not affect the Company’s financial liquidity for the development of Elements Srinakarin and Landmark Waterfront.

Please be informed accordingly.

Sincerely yours,

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(Mr. Ben Taechaubol)

Authorized Director

Country Group Development Public Company Limited