



Annual Report 2017

Dusit Thani Freehold and Leasehold Real Estate Investment Trust



Contents

◆ Message from the REIT Manager	2
◆ DREIT	3
◆ Trustee	5
◆ REIT Manager	7
- General Information	7
- Structure of the REIT Manager	8
- Board of Directors	9
- Remuneration of the REIT Manger	14
◆ Structure of the Trust	15
◆ Investment Policy of the Trust	16
◆ Key Events Related to the Operation of the Trust	20
◆ Details of Investment Assets	21
◆ Loan Policy and Details of Loan	25
◆ Market Overview of Hotel Industry	29
◆ Income Guarantee	38
◆ Limitation on Allocation of the Trust Units	39
◆ Policy and Limitation of Benefit Distribution	40
◆ Fee and Expenses Collected from the Trust	42
◆ Opinion of the Trustee	49
◆ Transaction Information between the Trust and	50
the REIT Manager or Related Persons of the REIT Manager and Opinion of the REIT Manager	
 Operating Performance and Financial Position	
◆ Management Discussion and Analysis	54
◆ Independent Auditor's Report and Financial Statements	55

Message from the REIT Manager

Dusit Thani Freehold and Leasehold Real Estate Investment Trust (“DREIT”) was successfully completed conversion process from Dusit Thani Freehold and Leasehold Property Fund in 8 December 2017 and registered the trust units in the Stock Exchange of Thailand in 29 November 2017 with initial investment of the assets transferred from Dusit Thani Freehold and Leasehold Property Fund which included 3 hotels, Dusit Thani Laguna Phuket Hotel, Dusit Thani Hua Hin Hotel and Dusit D2 Chiangmai Hotel. All three hotels are located in prime location in Thailand, highly popular for tourist destination for those Thais travelers and foreigners. In the recent year, Phuket, Prachuab Khiri Khan and Chaingmai have welcomed tourists travelling for leisure and overnight stay substantially, creating a high number of hotels and room supply in those provinces consequently.

DREIT is facing a new challenging year to come. Besides the advantage of its potential assets which are situated in the prime tourist destination and the recognition for high potentiality and board expertise in hotel management among Dusit Group, DREIT will have to adapt into high competitiveness and fast-moving trend of travelers lifestyle and other technologies impacting to nowadays ways of travelling.

We, Dusit Thani Properties REIT Co., Ltd., as the REIT Manager, would like to express appreciation to all of our unitholders who entrust us with confidence. We promise that we will operate and manage the Trust with high efficiency, seek for additional asset investment both in domestic and overseas as well as maintain and improve assets potentiality and competitiveness with the aim of delivering the greatest return to all of our trust unitholders.

Sincerely yours,

REIT Manager

Dusit Thani Properties REIT Co., Ltd.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust (DREIT)

1. Real Estate Investment Trust ("REIT" or "Trust")

1.1 Main Points of the Trust

Name of Investment Trust (Thai)	ทรัสต์เพื่อการลงทุนในอสังหาริมทรัพย์และสิทธิการเช่าดุสิตธานี
Name of Investment Trust (English)	Dusit Thani Freehold and Leasehold Real Estate Investment Trust
Initials	DREIT
REIT Manager	Dusit Thani Properties REIT Company Limited ("the Company")
Trustee	Krung Thai Asset Management Public Company Limited
Term of the Trust	Indefinite
Paid-up Capital (Baht)	3,656,050,620.77
Type of the Trust	Non-redeemable unit trust from the trust unitholders

1.2 Objective of the Trust

The Trust was established for the purpose of investing in core assets by acquiring and/or leasing and/or sub-leasing and/or obtaining the Transfer of Leasehold and/or Subleasehold Rights in core assets or by indirect investment, aiming to generate benefits in a form of rental income or other relevant incomes as well as renovating, remodeling and improving asset potentials and/or disposing current assets for delivering a long-term sustainable revenue and returns for the trust unitholders.

Also, the Trust will invest in other assets and/or securities and/or seek for benefits by other means as specified in Stocks and Exchange Act and other relevant laws.

1.3 List of the First 10 Trust Unitholders As at the Closing Date of the Share Register Book (29 December 2017)

Trust Unitholders	Number of the Units	the Units Proportion (Approximate %)
Dusit Thani Public Company Limited	122,920,000	30.02%
Social Security Office	104,049,000	25.42%
Muang Thai Life Assurance Public Company Limited	20,602,300	5.03%
Krungthai-AXA Life Insurance Public Company Limited	16,922,500	4.13%
Dhipaya Insurance Public Company Limited	7,438,800	1.82%
One Property Plus Fund	3,226,600	0.79%
Advance Life Assurance Public Company Limited	2,535,000	0.62%
Provident fund of Bangkok Mass Transit System Plc.	2,100,000	0.51%
Mr. Naris Cheyklin	1,750,000	0.43%
Mr. Santi Sansaneeyakiat	1,584,100	0.39%

Trustee

2. Trustee

2.1 General Information

Name	Krung Thai Asset Management Public Company Limited
Location of Head Office	No. 1 Empire Tower, 32th Floor, South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120
Company registration ID	0107545000373
Telephone No.	02-686-6100
Fax	02-686-0430
Homepage	http://www.ktam.co.th
Registered Capital (Baht)	200,000,000
Paid-up Capital (Baht)	200,000,000

2.2 Roles and responsibilities of the Trustee

Key responsibilities of the Trustee as specified in the Trust Deed are as follows

- (1) The Trustee has duty to manage the Trust with integrity and prudence as a professional, with expertise by providing fair treatment to the trust unitholders and for the best interests of the trust unitholders, in accordance with the relevant laws, the Trust Deed, the objectives of establishment of the Trust, and the resolution of trust unitholders meeting as well as additional obligations specified in the disclosure information to investors (if any).
- (2) Monitor, supervise and manage the REIT manager or other assigned persons in managing the Trust and assets to be comply with the Trust Deed and relevant agreements.
- (3) Attend every meeting of trust unitholders. In the case where a resolution of a meeting of the trust unitholders is needed, the Trustee must response to questions and give an opinion in relation to the operation whether it complies with the Trust Deed and related laws or not.
- (4) Manage and operate the Trust as necessary to prevent or cease any damages to the benefits of the Trust and the trust unitholders as a whole. In the event that the REIT manager cannot perform his duties, the Trustee has the power to appoint a new REIT manager.
- (5) Other roles and responsibilities of Trustee indicated in Notifications of SEC KorRor 14/2555 and other relevant laws.

Details of roles and responsibilities of the Trustee can be found in the Trust Deed.

2.3 Fee for performing duties as Trustee

The Trustee is entitled to receive a remuneration at a rate not exceeding 2.00% per annum of the Net Asset Value of the Trust; however, such fee shall not be less than Baht 6,000,000 per annum

REIT Manager

3. REIT Manager

3.1 General Information

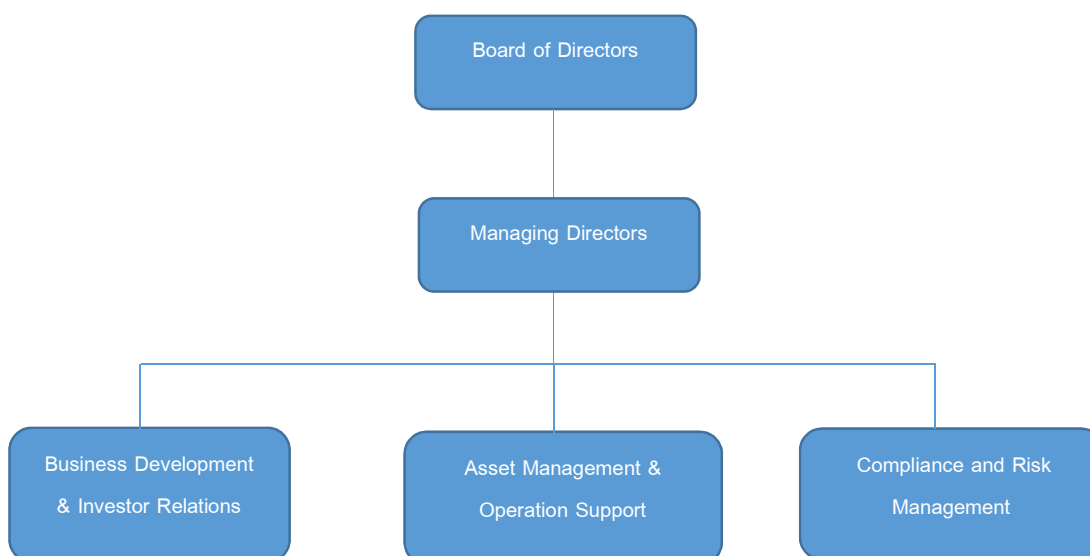
Name	Dusit Thani Properties REIT Company Limited ("REIT Manager")
Location of Head Office	No. 946 Dusit Thani Building, 4 th Floor, Rama 4 Road, Silom Sub-District, Bangrak District, Bangkok 10500
Company registration ID	0105560138818
Telephone No.	02-200-9999 extension 3681-3682
Registered Capital (Baht)	10,000,000
Paid-up Capital (Baht)	10,000,000
Paid-up share (share)	100,000
Par value (Baht)	100
Type of Business	REIT Manager of DREIT
List of Directors	1. Mr. Chanin Donovanik 2. Miss Natharin Talhong 3. Mr. Sarnthor Mudhasakul
Authorized Directors	Mr. Chanin Donovanik and Mr. Sarnthor Mudhasakul co-sign and affix the Company's seal.
Accounting Period	1 January – 31 December

3.2 Roles and Responsibilities of the REIT Manager

The REIT manager has duties as assigned by the Trustee to manage the Trust's business operation including investment strategy, acquiring and disposing assets, loan, borrowing and creating any lien on the assets of the Trust, entering into agreements, controlling operation of the Trust as well as preparing and disclosing information of the Trust as specified in section 56 and section 57 of Stocks and Securities Act and submitting to the Trustee within scope, regulations and criteria as specified in REIT Manager Agreement.

3.3 Structure of the REIT Manager

The REIT Manger Structure comprises of Board of Directors, Managing Director and other 3 working divisions:
1) Business Development and Investor Relations Division, 2) Asset Management and Operation Support Division and 3) Compliance and Risk Management Division as below structure.



3.4 Board of Directors

Chanin Donavanik

Chairman



Educations

- Master of Business Administration
Boston University, USA
- Director Certification Program (72/2006)
- Director Certification Program (10/2004)
Thai Institute of Directors

Current Position

- Chairman of the Board of Directors, Dusit Thani Properties REIT., Ltd.
- Deputy Chairman of Board of Directors / Chairman of Executive Committee, Dusit Thani Plc.
- Director, Dusit Management Co., Ltd.
- Director, Dusit Thai Properties Plc.
- Chairman of Board of Directors, Philippines Hoteliers International Center



Natharin Talthong

Independent Director

Educations

- Master of Science in Finance
University of Colorado, USA

Current Position

- Director / Independent Director, Dusit Thani Properties REIT Co., Ltd.
- Independent Director / Chairman of Audit Committee, Malee Group Plc.

Sarnthor Mudhasakul

Managing Director



Educations

- Master of Arts in Economics
Chulalongkorn University

Current Position

- Director / Managing Director, Dusit Thani Properties REIT Co., Ltd.

3.5 Scope of Roles and Responsibilities of the REIT Manager

The REIT Manager has one committee which include at least three professional persons. One-third of total directors must be independent directors. The board of directors and executives who are authorized to manage the Company must possess characteristics under the Notifications of Capital Market Supervisory Board and the Notifications of the Office of SEC Sor.Chor. 29/2555. Scope of roles and responsibilities of the board of directors, independent directors, executive officers including other divisions shall be in accordance with the Company's manual of operating system and internal control which is approved by the Office of SEC.

Authorized directors of the REIT manager must have 2 directors (not including Independent Director) co-signing and affixing the Company's seal. The board of directors may assign any directors or other persons to perform duties on behalf of the board of directors. This shall not include an authorization which would enable such directors or attorney-in-fact to act in conflict of interest with the Trust.

3.6 Scope of Roles and Responsibilities of the Board of Directors to REIT Manager

- (1) Perform its duties with integrity (duty of Loyalty), prudence (duty of Care), and responsibility (accountability) and morality (ethic) and in accordance with laws, objective and articles of association of the Company as well as resolution of a meeting of the trust unitholders by taking the best benefits of the Trust and trust unitholders into account.
- (2) Formulate operation policy, manage and monitor the compliance of the operation and disclosure of conflict of interest according to the guidelines of the Office of the SEC and other relevant regulatory authorities.
- (3) Report the operation of the Company to the trust unitholders
- (4) Monitor and follow up on the operation of the Company as the REIT manager as well as giving advices as necessary in order to ensure that the operation of the Company is fairly and equally treated to persons with conflict of interest.
- (5) Propose and approve meeting agenda regarding significant matters that should be considered.
- (6) Propose and appoint the Company's new directors in replacement of resigned directors as well as new additional directors to the Company's shareholders.
- (7) Approve significant operation decision of the Trust in relation to
 - Dividend payment to the trust unitholders
 - Schedule of annual general meeting of the trust unitholders as specified by laws
 - The company's annual internal audit plan as well as selecting, proposing external auditors and fees.
- (8) Inform and advise new directors about the Company's business, including related laws, notifications, rules and regulations.

- (9) Schedule the meeting of the Company board of directors at least 4 times per year, in which the number of directors attending may exceed one-fourth of the total. In the vote on the board of directors resolved to hold the majority. The director who has an interest and will not attend or no vote on such matter.
- (10) Appoint company secretary of the board of directors to prepare meeting agendas proposing by each division, record and prepare meeting minutes together with keep supporting documents.
- (11) Evaluate executives' performance as well as provide advices in order to ensure that the executives fully perform their duties as assigned and in accordance with the rules and conditions as specified in the relevant regulations, and for the benefits of the Trust.

3.7 Scope of Roles and Responsibilities of the Board of Directors to the Trust

- (1) Approve decisions in relation to investment and management of the Trust such as business management policy, fund structure, property investment and procurement for commercial benefit.
- (2) Approve initial acquisition of assets or leasehold assets and/or additional property investments for the commercial benefits from such assets along with manage the Trust to be in compliance with company policy, the Trust Deed, REIT Manager Agreement, Annual Statement, Prospectus, related laws and regulations.
- (3) Consider and approve the disposal of the main assets and equipment of the Trust whether it is complied with laws, the Trust Deed, notifications and other relevant regulations.
- (4) Formulate strategies and policies in relation to risk management and investment.
- (5) Approve policy, regulations and other conflict of interest management procedures, especially between the Trust and the REIT Manager and other related persons connecting with the REIT Manager. Together with seeking resolving measurement for any conflicts that may arise with the benefit of the Trust and its unitholders as a whole.
- (6) Review and approve all transactions between the Trust and the REIT Manager and/or the Trust and other related persons as well as matters with the Trust and trustee and related persons with trustee in accordance with relevant rules and regulations in which directors with conflict of interest shall not vote.
- (7) Review and approve all transactions between the Trust and related persons in accordance with regulations and related restrictions. Directors who may have conflict of interests in such transactions shall not have right of vote.
- (8) Appoint managing director of the Trust
- (9) Approve and evaluate performance of lessors as specified in rental agreement.
- (10) Select and assign a selective outsourced service providers to proceed any tasks under condition specified in the agreement

- (11) Appoint outsourced professional advisors to perform tasks related with the Trust.
- (12) Monitor and follow up on the operation of the Company as the REIT manager as well as giving advices as necessary in order to ensure that the operation of the Company is according to company policy, the Trust Deed, REIT Manager Agreement, annual statement, Prospectus, related laws and regulations. Also report any important and crucial matters to the board of directors in every quarter and evaluate performance of managing director.
- (13) Approve annual budget of the Trust
- (14) Approve annual capital expenditure spending budget and/or out-of-budget spending.
- (15) Ensure that the Trust has prepared internal audit control measurement as specified in the yearly plan
- (16) Approve the annual performance of the Trust and benefit distribution to the trust unitholders.
- (17) Approve the schedule of annual general meeting of the trust unitholders or any meeting with proper consideration for benefits of the REIT manager or of the trust unitholders of at least 10 percent of total number of sellable units.
- (18) Review and approve the guidelines to solve with any important disputes and complaints relating to operation of the Trust as necessity and suitability.
- (19) The board of directors may assign any of the directors or other persons to perform duties on behalf of the board of directors. This shall not include an authorization which would enable such director or attorney-in-fact to act in conflict of interest with the Trust.
- (20) Approve resolution of all legal disputes that may arise.

3.8 Scope of Roles and Responsibilities of the Independent Directors

The Company has assigned the independent director to be one member of the board of directors, who is academically qualified and equipping with proper experiences; or are recognized for their high potentialities to review and scrutinize operation of executives, and operation team in accordance with good corporate governance as well as to make supportive decisions on operating the Trust for benefits of trust unitholders; at the same time, make an objection if the company may make any decisions which negatively affect to the Trust and the trust unitholders. The Independent directors must be independent from controlling persons of the company, major shareholders and has no direct or indirect benefit from, or interest in, the finance and management of the company. The roles and responsibilities of the independent directors are as following:

- (1) Review and give opinion in relation to connected transactions or transactions which may cause conflict of interest with the Trust, including all significant acquisition or disposal of main assets for the best benefit of the Trust.

- (2) Review and give opinion in all important matters regarding fund structure, company policy and establish suitable internal control and operating system to perform duties as the REIT manager.
- (3) Give opinion on operation procedure and risk management policy, and measurement to control and reduce risks.
- (4) Review, monitor and advise as necessary in order to accurately and timely prepare financial report of the company and the Trust.
- (5) Propose all important matters to be considered in the Company board meeting,
- (6) Assign, review and follow up with the operation of the Company, while supervising key business plan, evaluation plan of internal control system (if any) and reporting the progress on internal control to the board of directors.
- (7) Propose internal audit measurement as appropriated.

3.9 Qualification of Independent Directors

The independent directors shall at least meet the following qualifications:

- (1) Holding shares of not exceeding 1 per cent of total number of shares with voting rights in the Company, parent company, subsidiary company, associate company, major shareholders or persons who may have conflict of interest
- (2) Neither being nor used to be an executive director, employee, staff, advisor who receives salary from the company, parent company, subsidiary company, associate company, same-level subsidiary company, major shareholders or persons who may have conflict of interest, unless the foregoing status has already ended for not less than 2 years.
- (3) Not being a person related by blood or legal registration as a father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Trust or its subsidiary company.
- (4) Not having business relationship with the company, parent company, subsidiaries, affiliates, major shareholders or controlling persons of the company with conflict of interest in a way which may obstruct her independent judgment, or not being significant shareholders or controlling persons having business relationship with the company, parent company, subsidiaries, affiliates, major shareholders or controlling persons of the company both at present and at least 2 years prior to taking the independent directorship.
- (5) Not being the auditor of the company, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the company and significant shareholders controlling persons or partner of the audit firm which employs the auditor of the company, parent company, subsidiaries, affiliates, major

shareholders, or controlling persons of the company both at present and at least 2 years prior to taking the independent directorship.

- (6) Not being any professional service providers including legal or financial consultants who receive annual service fee in the amount of more than Baht 2 million from the company, parent company, subsidiaries, affiliates, major shareholders, or controlling persons of the company, and not being significant shareholders, controlling persons, or partners of such professional service providers both at present and at least 2 years prior to taking the independent directorship.
- (7) Not representing the company's directors, major shareholders, or shareholders connecting to major shareholders.
- (8) Not operating business with a conflict of interest with the company, subsidiaries, or not being significant shareholders of the partnership, or not being director participating in management, an employee, a staff, a consultant who receive regular salary or holding shares more than 1% of the total outstanding voting shares of other companies having conflict of interest with the company or subsidiaries
- (9) Not being a person in the list made by the Stock Exchange of Thailand stating that such persons are inappropriate to serve as an executive according to SET regulations.
- (10) Has never been convicted of violating securities and exchange laws, laws governing the investment business, securities brokering, or credit fanciers, or commercial banking laws, or life or non-life insurance laws, or money laundering laws or any other financial laws of a similar nature, whether Thai or foreign, in accused of committing wrongful acts relating to trading in shares or the perpetration of deceptions, embezzlement, or corruption.
- (11) Not having any other characteristics which cause the inability to express independent opinions with regard to the company's business operations.

3.10 Remuneration of the REIT Manager

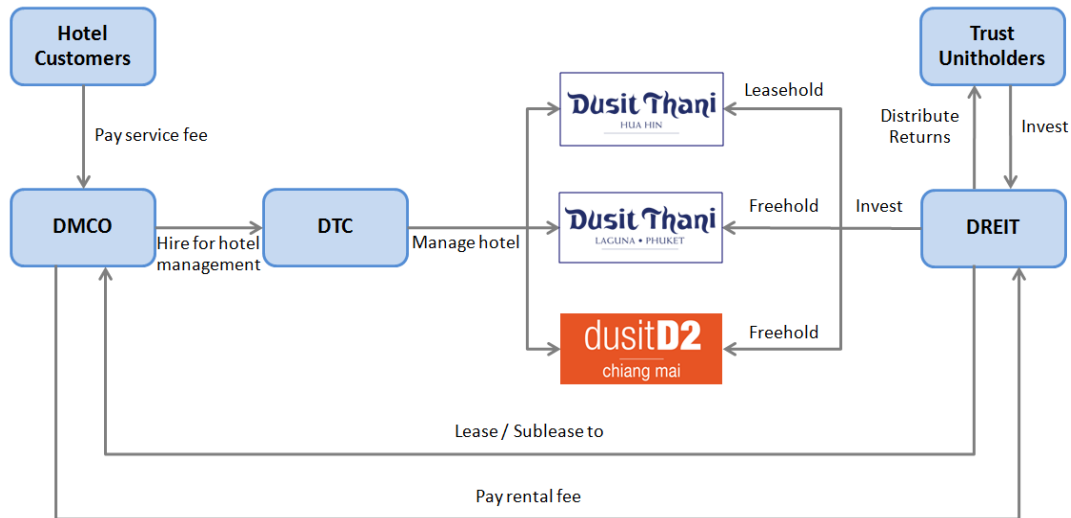
The REIT manager will obtain a fee at a rate not exceeding over 2% per annum of the Net Asset Value of the Trust; however, such fee may not less than Baht 2,000,000 per annum.

Acquisition and Disposal fee

The REIT manager will obtain a fee not exceeding over one 1% of the value of any assets acquired or disposed by the Trust.

Structure of the Trust

4. Structure of the Trust



The REIT manager is seeking benefit generation by leasing out or subleasing out the ownership of the lands and structures, the utilities systems relating to the hotel businesses, and furniture, fixtures, fittings, and equipment of Dusit Thani Laguna Phuket Hotel and Dusit D2 Chiang Mai Hotel, as well as the leasehold right over the land and structures of Dusit Thani Hua Hin Hotel, to the hotel operator, i.e. DMCO, a subsidiary of DTC, in order to generate benefits and to pay considerations to DREIT. Presently, DMCO appoint DTC as a hotel operator.

Investment Policy of the Trust

5. Investment Policy of the Trust

The Trust focus on investing in high potential freehold or leasehold properties especially in hotel properties, as well as investing in other assets that favor hotel-related business, such as meeting and convention room, restaurants, fitness center, spa, swimming pool, tennis court etc., as part of key assets of the Trust by either purchase and/or lease and/or sub-lease to obtain benefits in a form of rental income. Moreover the Trust aim to renovate and enhance to uplift asset potentiality in order to generate long-term sustainable income and returns for benefit of the trust unitholders

5.1 Direct Investment

- (1) DREIT shall invest in immovable properties in order to acquire the ownership or possession thereof, whereby the acquisition of possession shall be in accordance with any of the following cases:
 - (a) Acquisition of immovable properties for which certificates of utilization (Nor.Sor.3 Gor.) have been issued;
 - (b) Acquisition of the leasehold rights and/or subleasehold rights of immovable properties for which documents of title or possession in the category of Nor.Sor.3 Kor. have been issued. In the case where DREIT invests in the leasehold rights of immovable properties that demonstrate the nature of subleasing, the REIT Manager shall put in place measures for risk mitigation or remedy of damage which may occur due to the breach of the lease agreement or the failure to exercise the rights under the lease agreement.
- (2) The acquired immovable properties invested by DREIT shall not be subject to any enforcement of property rights or any dispute unless the REIT Manager and the Trustee, after consideration, have expressed their opinions in writing that such enforcement or dispute does not materially affect the seeking of benefits from such immovable properties, and the conditions for acquiring such immovable properties are beneficial to the unitholders as a whole;
- (3) Entering into of any agreements for the acquisition of the immovable properties shall not contain any agreement or commitment which may cause DREIT to be unable to dispose of the immovable properties at a fair value (at the time of disposal), for instance, the agreement granting the right of first refusal to a

counter party to purchase immovable properties of DREIT before third parties with a pre-fixed price, etc., or which may impose undue obligations on DREIT other than those an ordinary lessee should bear at the end of the lease period;

- (4) The acquired immovable properties shall be ready to be used for the seeking of benefits with the aggregate value of no less than 75 percent of the total value of the trust units offered for sale, including the loan amount (if any). In this regard, DREIT may invest in a project that is still under construction, provided that, the investment value to be acquired and to be used for the development of the project in order to generate benefits shall not exceed 10 percent of the total asset value of DREIT (after the offering for sale of the trust units), and DREIT must be able to demonstrate that it has sufficient working capital to pay the cost of the development of such project without affecting the existence of DREIT;
- (5) The REIT Manager shall arrange for the appraisal of the immovable properties in which DREIT intends to invest, whereby the appraisal shall be fully conducted with the verification of the documents of title, and for the purposes of public use in order to disclose the information to investors for the period of not exceeding 6 months before the date of the submission of the application for offer for sale of the trust units. Such appraisal shall be performed by at least 2 appraisal companies which the Settlor/the REIT Manager and the financial advisor who mutually prepare the application for offer for sale of the trust units (if any) considered appropriate and able to conduct a reliable and satisfactory appraisals to reflect the true value of the assets. The appraisal companies shall possess the following qualifications:
 - A. The appraisal companies must have been approved by the Office of SEC;
 - B. If the immovable properties to be invested in are located abroad, the appraisal companies to perform the appraisal on such immovable properties can be those whose names are on the approved list of the government or regulatory authorities of the country where such immovable properties are located. In this regard, if there is no such list, the appraisal companies shall possess any of the following qualifications:
 - The appraisal companies must practice the profession of asset valuation and be widely-recognized in the country in which those assets are located;
 - The appraisal companies shall have international standards of operations and working systems; and

- The appraisal companies are part of an international network of appraisal companies (International Firm).

In this regard, the criteria under this clause shall not be applicable to the immovable properties which DREIT were assigned from DTCPP under the conversion transaction, and which have been appropriately appraised under the criteria prescribed under the Notification of the Capital Market Supervisory Board No. TorJor. 34/2559.

- (6) The acquired immovable properties shall have an aggregate value of not less than Baht 500 million, and in the case where the amount of funds raised from the offer for sale of the trust units is less than the value of the immovable properties to be invested in, the REIT Manager must be able to demonstrate that there are other sufficient sources of funds to support the acquisition of such immovable properties.

5.2 Indirect Investment

- (1) The indirect investment in core assets of DREIT shall be the investment through holding of shares of the company established with the objective of carrying out the business operation in a similar nature to DREIT. The amount of shares to be held shall be no less than 99 percent of the total issued shares of such company, and no less than 99 percent of the total voting rights of such company.
- (2) DREIT may grant a loan to the company under Clause (1) above by means of holding debt instruments or entering into an agreement which constitutes the granting of a loan. The granting of the loan to such company shall be deemed as an indirect investment in the core assets.
- (3) The indirect investment of DREIT in the immovable properties shall be under the following conditions:
 - A. There shall be an appraisal of the assets in which DREIT indirectly invests, both at DREIT's level and at the level of the company whose shares are held by DREIT as follows:
 - The appraisal of the assets at the level of DREIT shall be in accordance with the criteria set out in Clause 1(5) re: Direct Investment. Consideration shall be given to the tax obligations which shall be borne by the company in which DREIT holds shares, as well as other factors that may affect the price of the immovable properties in which DREIT indirectly invests; and

- The appraisal of the assets at the level of the company whose shares are held by DREIT under Clause 2(1) and Clause 2(2) re: Indirect Investment shall be in accordance with the criteria set out in Clause 1(5) re: Direct investment.
- B. There shall be an appraisal of other assets invested in by the company whose shares are held by DREIT in accordance with the following criteria:
- The appraisal shall be based on the fair value calculated in accordance with the criteria on the determination of the fair value of an investment capital issued by the Association of Investment Management Companies, *mutatis mutandis*; and
 - If the criteria regarding the determination of the fair value of an investment capital issued by the Association of Investment Management Companies do not recognize the determination of the fair value of any asset, the value of such asset shall be determined by the generally-accepted professional principles or international standards.
- C. If DREIT invests in debt instruments or agreements that constitute indirect investments in Clause 2(2) re: Indirect Investment, the value of those instruments or agreements shall be appraised in accordance with the criteria set out in (B); and
- D. The Settlor/the REIT Manager must be able to demonstrate that there are measures or mechanisms in place for the Trustee and the REIT Manager to be able to supervise and control the company to ensure that it complies with the criteria applicable to a real estate investment trust which has a direct investment in the core assets. This shall exclude the criteria relating to the borrowing limit specified in Clause 13.4 re: Value of Loan as specified in the prospectus, which shall only be applied to investment at the level of a real estate investment trust.

In addition, the REIT Manager may consider investing in assets other than the core assets, provided that such investment shall be in compliance with the regulations and proportion as stipulated in the notifications of the SEC or their relevant notifications.

Key Events Related to the Operation of the Trust

6. Key Events Related to the Operation of the Trust

The REIT Manager has obtained an approval from the Office of the SEC to offer the trust units to the investors on 23 November 2017 according to the letter No. KorLorTor. JorKor. 2047/2560, requesting for the approval on the Offering of Real Estate Investment Trust Units of Dusit Thani Freehold and Leasehold Real Estate Investment Trust. Dusit Thani Freehold and Leasehold Real Estate Investment Trust was subsequently established on 29 November 2017 and obtained the transfer of assets and liabilities from Dusit Thani Freehold and Leasehold Property Fund (DTCPF) on 8 December 2017. The new Dusit Thani Freehold and Leasehold Real Estate Investment Trust launched the first trading in the Stock Exchange of Thailand on 15 December 2017.

Details of Investment Assets

7. Detail of Assets Invested as of 27 July 2016

7.1 Dusit Thani Laguna Phuket Hotel

(1) General Information

Dusit Thani Laguna Phuket Hotel is a large 5-star hotel, situated in Phuket Province. This hotel is a uniquely designed resort hotel. The hotel has a furnishing style and services which accentuate the distinguished Thai taste in every detail. The hotel is spacious and convenient, and the areas of which stretch extensively alongside the Bang Tao beach and are flanked by large lagoons while most guest rooms have the pleasure of the sea view.

(2) Location

No. 390 Srisoontorn Road, Tambon Cherngtalay, Amphur Talang, Phuket Province on a total land area of approximately 33 rai, 2 ngan, and 60.3 square wah.

(3) Details of Buildings and Utilities Systems

Dusit Thani Laguna Phuket Hotel comprises 226 guest rooms containing a 3-storey hotel building with the approximate total usable area of 16,605 square meters and 15 other buildings. The hotel building was completely built and opened for business in the year 1987, and since then, it has been maintained, repaired, and renovated on a regular basis.

The hotel's utilities systems includes 2 sets of passenger elevators, an emergency power system, a fire alarm system, and indoor sprinklers.

(4) Details of Assets Invested

DREIT invests in freehold of Dusit Thani Laguna Phuket Hotel, the assets of which comprise the following:

- (1) A total of 6 land plots with approximate total usable area of 33 rai, 2 ngan, and 60.3 square wah;
- (2) Structures, utilities system works, and facilities
- (3) Furniture, fixtures and fittings, and equipment used in the operation.

Pictures of Dusit Thani Laguna Phuket Hotel



7.2 Dusit Thani Hua Hin Hotel

(1) General Information

Dusit Thani Hua Hin Hotel is a large 5-star hotel in Amphur Cha-am of Petchburi Province. This resort hotel was uniquely designed with a blend of Thai and European styles. In addition, this resort hotel stands out among the rest in the vicinity and boasts its vast and convenient compound which stretches alongside a gorgeous beach.

(2) Location

No. 1349 Petchkasem Road, Amphur Cha-am, Petchburi Province on an approximate land area of 63 rai, 1 ngan and 60 square wah.

(3) Details of Buildings and Utilities Systems

Dusit Thani Hua Hin Hotel comprises 296 guest rooms containing one 7-storey hotel building with a total usable area of approximately 29,601 square meters and 9 other buildings. The hotel building was completely built and opened for business in 1990, and since then, it has been maintained, repaired, and renovated on a regular basis.

The hotel's utilities systems includes 4 passenger elevators, an emergency power system, a water generating system for in-house use, a fire alarm system, and indoor sprinklers.

(4) Details of Assets Invested

DREIT invests in leasehold of Dusit Thani Hua Hin Hotel, the assets of which comprise the following:

- (1) A total of 5 land plots with the approximate total usable area of 63 rai, 1 ngan, and 60 square wah;
- (2) Structures, utilities system works, and facilities
- (3) Furniture, fixtures and fittings, and equipment used in the operation

Pictures of Dusit Thani Hua Hin Hotel



7.3 Dusit D2 Chiang Mai Hotel

(1) General Information

Dusit D2 Chiang Mai Hotel is a large 5-star hotel, situated in the center of Chiang Mai city on Chang Klan Road in the Night Bazaar area, one of Chiang Mai's important commercial and shopping quarters. This hotel targets on younger customers who seek exotic and modern experience.

(2) Location

No. 100 Chang Klan Road, Amphur Mueng, Chiang Mai Province on an approximate land area of 2 rai, 2 ngan and 65 square wah.

(3) Details of Buildings and Utilities Systems

Dusit D2 Chiang Mai Hotel offers a total of 130 guest rooms and comprises 1 eleven-storey (including the basement) hotel building with a total usable area of approximately 11,697 square meters and 4 other buildings. The building of Dusit D2 Chiang Mai Hotel was formerly named Chiang Inn Hotel. Dusit Group purchased the lands and structures thereon, and renovated all the buildings and the entire utilities systems in order to enhance and modernize the hotel's image. The hotel was re-opened for business at the end of

2005 under the “Dusit D2” trademark, and since then, it has been maintained, repaired, and renovated on a regular basis.

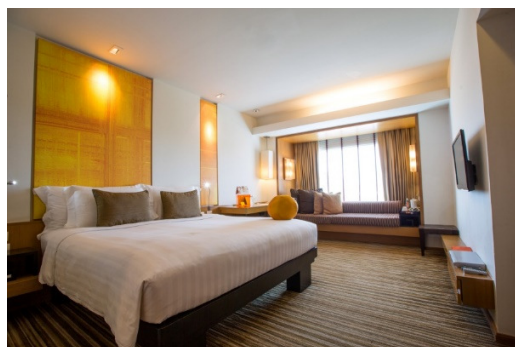
The hotel's utilities system includes 3 elevators (2 passenger elevators and 1 freight elevator), an emergency power system, a fire alarm system, and indoor sprinklers.

(4) Details of Assets Invested

DREIT invests in freehold of Dusit D2 Chiang Mai Hotel, the assets of which comprise the following:

- (1) A total of 7 land plots with the approximate total usable area of 2 rai, 2 ngan, and 65 square wah;
- (2) Structures, utilities system works, and facilities
- (3) Furniture, fixtures and fittings, and equipment used in the operation

Pictures of Dusit D2 Chiang Mai Hotel



7.4 Asset Appraisal Valuation

Fair value of assets invested by the Trust was appraised by TPA Valuation Co., Ltd, on with Income Approach method detailed as follow

List of Assets	Fair Value of Asset (Baht million)	Date of Appraisal
Dusit Thani Laguna Phuket Hotel	2,869	4 December 2017
Dusit Thani Hua Hin Hotel	891	7 December 2017
Dusit D2 Chiangmai Hotel	401	7 December 2017

Loan Policy and Details of Loan

8. Loan Policy and Details of Loan

The Trust may obtain a loan from any financial institutions or issue bonds or securities agreement including creating any encumbrances in order to invest in core assets additionally, to renovate current assets initially invested by the Trust or for any other business purpose within loan policy as follows:

8.1 Loan Purpose

- (1) For additional investment in freehold assets and leasehold assets.
- (2) For other assets which is specified as core asset as in Notification of the Office of SEC and/or Capital Market Supervisory Commission.
- (3) For assets management of the Trust
- (4) For maintenance, repair, or improvement of assets of the Trust, or of which the Trust has leasehold rights, in order to restore them in a good condition to improve image and perception of asset.
- (5) For maintenance, repair or replacement of assets and equipment of the Trust or of which the Trust has leasehold rights in order to restore them in a good condition to be ready to use for the benefit and procurement of the Trust.
- (6) For adding onto or constructing additional buildings on existing land owned by the Trust or of which the Trust has leasehold rights to use for the benefit and procurement of the Trust.
- (7) For operational cash flow of the Trust
- (8) For repayment of loan(s) or other encumbrances of the Trust.
- (9) For loan restructure in order to refinance the existing encumbrances of the Trust.
- (10) For fund restructure of the Trust
- (11) For exchange rate hedging due to existing loan or bond.
- (12) For other necessary causes which the REIT Manager deems appropriate in order to manage the Trust and for the distributions to the trust unitholders.

The loan shall be carried out by taking the benefit of the trust unitholders into consideration. In the case of the loan for maintenance and improvement of assets of the Trust or of which the Trust has the leasehold rights as stated in the purpose (4) and (5), the Trust shall also consider the remaining duration of the lease agreements.

8.2 Method of Loan(s) or Creation of Encumbrances

The Trust shall create the loan or any encumbrances to the Trust's assets, including issuing bonds or entering into all types of agreements which have specific purpose or substances for loan as follows:

- (1) Any loan borrowing, requests of credit or overdraft accounts from corporate company or financial Institutions from domestic or internationals as well as insurance company which was established in accordance with laws related with insurance and the Trust consider to place security assurance for performance of obligations. The Trust may enter into a sale and purchase agreement for derivatives with the objective to prevent foreign exchange rate risk(s) (hedging) and/or interest rate risk(s) which may incur from the loan either in whole or in part; for examples, the Trust may enter into the interest rate swap agreement or cross currency swap agreement with commercial banks to prevent risks from uncertainty of interest rate.
- (2) The issuance of bonds or any encumbrances either short-term or long-term period for sale to private investor and financial institutions as stated in relevant Notifications of SEC.

However the REIT Manager shall consider the necessity and appropriateness for creating loan or encumbrances over the Trust's assets as well as rules and methods for creating the loan or encumbrance including key commercial terms and conditions. The Trust is not required to obtain the approval by the resolution of the trust unitholders meeting in the case of providing an existing security or increasing the security amount over the existing security for the existing lender(s) as specified in the registration statement or the prospectus, or in a case where the existing lender(s) or creditor(s) assigns its right(s) under the Loan Agreement(s) and/or the existing security to an assignee who will become a new lender or creditor.

In the event that the Trust is required to provide its assets as a security for the loan as stated in 8.2, the REIT Manager shall proceed within other relevant laws.

The Trustee shall be the person who executes and enters into the agreement for creating the loan or encumbrance over the Trust's assets and/or delegate power of attorney to the REIT manager to sign in such agreement.

In the case that the Trustee request to amend key commercial terms and conditions of loan or change or create any new encumbrances over the Trust's asset, it is required to mutually agree with the REIT manager.

The Trust is not required to obtain the approval by the resolution of the trust unitholders meeting in the case where the agreement cannot be mutually agreed by both parties.

8.3 Limitation of Loan Criteria

The loan of the Trust, by any means, shall not possess the characteristics as follows:

- (1) Having terms and conditions in the same manner as a perpetual bond(s)
- (2) Granting the right to convert into equity
- (3) Having characteristics of embedded derivatives; except criteria with characteristics as follows
 - granting the rights to debtors to pay bonds before its date of maturity (callable bond) or granting the rights to the REIT Manager to redeem bonds before its date of maturity (puttable bond).
 - Set specific interests or returns or at the rate varied with the interest rate of financial institution or relevant interest rate.
 - Not specifically set conditions of interests or returns in reference with other factors.
- (4) Having characteristics of securitization.

8.4 Amount of Loan

The ratio of loan must not exceed either one of the following rates, except that exceeding rate is not caused by taking additional loans.

- (1) Thirty five (35) per cent of total asset value of trust.
- (2) Sixty (60) per cent of total asset value of trust in case that investment grade of trust is in the rank that can invest which the latest investment grade must be evaluated by credit rating agency approved by SEC not exceeding one (1) year prior to the day of taking on a loan.

Taking on a loan also includes issuing financial instrument or securities, making a contract in any form with a purpose or substance of taking on a loan.

8.5 Obligation to Asset of the Trust

Making obligation to asset of the Trust can be operated only in the case that is necessary and related to asset management of the Trust as follows

- (1) Creating obligation in relation to main agreement that trust is able to do as specified in Thor Jor 49/2555 Notification and other related laws; for example, giving the assets of the Trust as a security assurance for loan repayment as indicated in Trust Deed.
- (2) Making obligation which is commercially normal or considered normal transaction.

8.6 Summary of the Loan Agreements as of the Ending Date of Accounting Year

As of December 31, 2017, the Trust possess of net loan amount with Thanachart Bank with term and conditions are as follows:

Borrower	Trustee acting on behalf of Dusit Thani Freehold and Leasehold Real Estate Investment Trust
Lender	Thanachart Bank
Credit Facility Amount	Credit facility of not exceeding Baht 790 million
Purpose of Loan	Purposes are for purchasing and/or leasing initial assets transferred from DTCPF to DREIT, including other expenses related with above transactions and also for maintenance and improvement of Dusit Thani Laguna Phuket Hotel
Interest Rate	Not exceeding "MLR" (Minimum Loan Rate) or equivalent rate
Period of Loan	Period of not more than 12 years from first drawdown
Loan Security	Required security

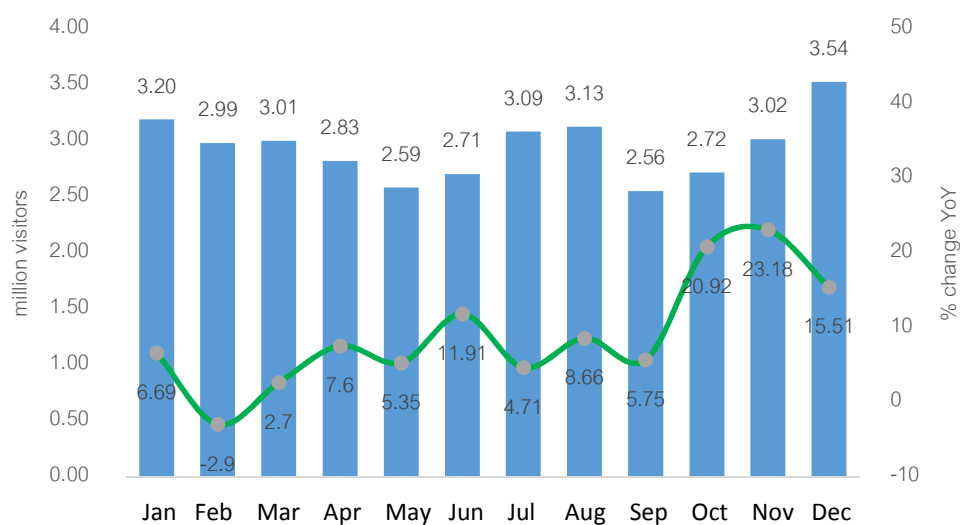
Market Overview of Hotel Industry

9 Market Overview of Hotel Industry

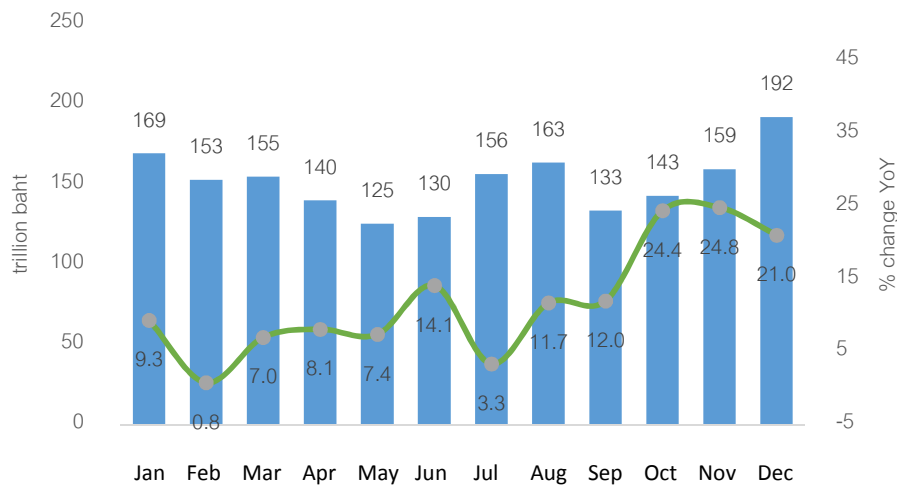
9.1 Tourism Overview in Thailand

Travel and Tourism sectors of Thailand in 2017 has been vividly growing in term of number of visitors and income from tourist spending. Thailand welcomed 35.38 million foreigners in 2017, increased 8.77% from 2016, creating direct income from tourism sector to Baht 1.82 trillion, up 11.66% from 2016.

According to Ministry Tourism and Sports, number of visitors in December 2017 reached to 3.54 million, rose 20.02% from same period last year, marking an all-time record high for December arrivals. China ranks the largest contributor of tourists with total of 0.82 million visitors. The “Zero-dollar tour” – cheap Chinese tour groups – later can be organized and adapted to quality tour groups. In December 2017, the tourism industry generated more than Baht 0.19 trillion, up 21.03% compared to the same period last year.



Source: Ministry of Tourism and Sports



Source: Ministry of Tourism and Sports

Travel & tourism market showed a positive sign with attractive marketing campaign and a particular budget spending by government and Tourism of Thailand Division, by approving a tax incentive to boost domestic tourism, contributing revenue from Thais up to Baht 0.93 million in 2016, increased 5.42% from 2016.

Thailand enjoyed healthy tourism income of Baht 2.75 trillion in 2016, consisting of revenue from foreigner tourists Baht 1.82 trillion and domestic tourists Baht 0.93 trillion.

According to Ministry Tourism and Sport, total tourism income is speculated to reach up to Baht 3 trillion in 2018, 9% increased from 2017, targeting Baht 2 trillion from overseas traveler and Baht 1 trillion from Thais travelers.

9.2 Tourism Overview in Chiangmai

1) Number of arrivals and occupancy rate

From statistic report by Ministry of Tourism and Sports showed that total tourist arrivals at Chiangmai during first 11 months of 2016 amounting to 8.77 million people, increased 0.40 million people or 4.75% from same period last year.

Of total increased number, 0.28 million people or 4.77% are Thais travelers, whereas 0.12 million people or 4.7% are foreign travelers.

During 11 months of 2016 Chiangmai earned revenue from those visitors at total of Baht 83.9 billion, increased Baht 6.19 billion, or 7.95% from same period last year, contributing from Thais travelers Baht 52.03 billion and foreign travelers Baht 31.92 billion.

Average occupancy rate in Chaingmai is 72.37%, increased 0.04% from last year.

Chiangmai	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<u>%QCC</u>											
2017	88.52	82.43	76.95	74.83	65.12	64.74	67.14	65.47	61.76	67.83	81.25
2016	88.45	82.39	76.91	74.81	65.07	64.70	67.12	65.45	61.71	67.79	81.20
<u>All Visitors (million)</u>											
2017	1.00	0.91	0.88	0.76	0.66	0.62	0.63	0.64	0.55	0.98	1.14
2016	0.94	0.88	0.83	0.73	0.62	0.60	0.62	0.61	0.52	0.94	1.07
<u>Thai visitors (million)</u>											
2017	0.70	0.65	0.58	0.52	0.44	0.43	0.39	0.40	0.34	0.75	0.85
2016	0.65	0.64	0.55	0.51	0.41	0.41	0.39	0.38	0.31	0.72	0.79
<u>International visitors (million)</u>											
2017	0.31	0.26	0.29	0.24	0.22	0.19	0.24	0.24	0.22	0.23	0.30
2016	0.28	0.25	0.28	0.23	0.21	0.18	0.24	0.23	0.21	0.22	0.28
<u>Revenue from all visitors (Baht million)</u>											
2017	9,131	8,256	8,017	7,681	6,288	5,880	7,012	6,825	6,028	8,517	10,317
2016	8,452	7,959	7,558	6,938	5,850	5,615	6,396	6,277	5,388	8,069	9,265
<u>Revenue from Thai visitors (Baht million)</u>											
2017	6,095	5,713	5,130	4,669	3,822	3,721	3,572	3,515	2,982	5,988	6,824
2016	5,665	5,540	4,772	4,364	3,515	3,569	3,331	3,314	2,711	5,711	6,226
<u>Revenue from international visitors (Baht million)</u>											
2017	3,036	2,543	2,888	3,012	2,465	2,159	3,440	3,310	3,046	2,529	3,493
2016	2,787	2,419	2,785	2,574	2,334	2,045	3,065	2,964	2,677	2,357	3,040

2) Hotel Supply in Chiangmai

Chiang Mai has been experiencing a higher competition in hotel business. At year-end 2016, Chiang Mai has a total of 37,785 keys in 843 registered and unregistered tourist accommodation establishments. Of that, hotel-type accommodation accounts for 47.92% of total accommodation and 67.91% of total key rooms. For growth trend in 2017, it was 1.92% growth in number of accommodation and 0.96% growth in key rooms.

Chiangmai	2016		2017		2018	
	No. of acc	No. of rooms	No. of acc	No. of rooms	No. of acc	No. of rooms
Hotel	398	25,042	404	25,659	410	25,854
Resort	165	5,062	166	5,077	167	5,107
Guest house	185	4,020	186	4,098	186	4,098
Bungalow	3	36	3	36	3	36
Serviced Apartment	21	1,249	21	1,249	21	1,249
Mansion	19	968	19	968	19	968
Homestay	15	172	15	172	15	172
Others	29	375	29	375	29	375
Total	835	37,075	843	37,785	852	38,037
Growth	7.46%	0.67%	0.96%	1.92%	1.07%	4.32%

3) Chiangmai Tourism Trend in 2018

The uptrend in Chiangmai tourism has been stimulated by international demand with the increasing flights from domestic airports and new international routes, recently a new direct flight by Qatar airlines from Doha city to Chiangmai open its doors to middle east and European tourists as well as more direct flights from Korea and Vietnam also enhance Chiang Mai as a leading gateway for the Mekong region.

Moreover plans for the upgrading of Chiang Mai International Airport includes runway expansion and terminal extension, which will increase total capacity to 20 million passengers by 2030.

This overseas segment began to surge in 2011, with traction coming from Greater China. A strong shift in overseas source markets was due to media exposures in 2012, which popularized the destination amongst Chinese visitors due to the success of the Lost in Thailand film.

9.3 Tourism Overview in Phuket

1) The number of tourists visiting Phuket

Based on tourist statistics from Department of Tourism, during 11 months of 2017 Phuket had totally 12.13 million visitors, which increased by 0.12 million visitors or 1.00 percent from 2016. This can be separated to 0.11 million visitors or 3.37 percent increase from domestic visitors and 0.01 million visitors or 0.11 percent increase from foreign visitors. Moreover, Phuket earned income in total amount of Baht 360,974 million from visitors in 2017, increased by Baht 41,047 million or 12.83 percent from 2016. Of that splitting to revenue from domestic visitors Baht 42,314 million and from foreign visitors Baht 318,660 million.

Average occupancy rate during 11 months of 2017 in Phuket is 74.61%, increased 0.01% from last year.

2) Hotel supply in Phuket

Phuket has been experiencing a higher competition in hotel business in the past two years. Regarding the supply of hotels in Phuket in 2016, hotel supply and room supply growth reached 14.23% and 17.57%, especially guesthouse accommodation increased around 20%. However hotels topped the lists with 49,054 key rooms in 789 hotels.

Phuket	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<u>%QOC</u>											
2017	82.66	83.75	81.97	83.68	66.35	77.86	66.74	67.32	65.46	67.92	77.05
2016	82.69	83.77	81.97	83.67	66.36	77.84	66.71	67.30	65.43	67.89	76.99
<u>All Visitors (million)</u>											
2017	1.44	1.36	1.39	1.17	0.86	1.16	0.82	0.83	0.85	1.14	1.11
2016	1.50	1.41	1.43	1.15	0.87	1.13	0.79	0.81	0.81	1.08	1.03
<u>Thai visitors (million)</u>											
2017	0.30	0.47	0.44	0.34	0.09	0.29	0.22	0.33	0.26	0.33	0.33
2016	0.30	0.48	0.43	0.31	0.08	0.28	0.22	0.31	0.25	0.32	0.31
<u>International visitors (million)</u>											
2017	1.14	0.89	0.95	0.83	0.78	0.87	0.60	0.51	0.59	0.81	0.78
2016	1.20	0.93	1.00	0.84	0.79	0.85	0.57	0.50	0.56	0.76	0.72
<u>Revenue from all visitors (Baht million)</u>											
2017	46,819	38,808	46,063	33,398	28,746	32,195	19,556	18,393	20,618	38,858	37,521
2016	44,880	38,151	39,860	27,279	23,416	29,378	17,153	16,477	17,191	34,065	32,075
<u>Revenue from Thai visitors (Baht million)</u>											
2017	4,099	6,307	5,896	3,751	984	3,207	2,880	4,241	3,491	3,710	3,748
2016	3,844	6,186	5,591	3,166	866	2,911	2,612	3,769	3,005	3,463	3,347
<u>Revenue from international visitors (Baht million)</u>											
2017	42,720	32,501	40,166	29,647	27,762	28,988	16,676	14,152	17,127	35,148	33,773
2016	41,038	31,964	34,269	24,113	22,550	26,466	14,540	12,707	14,186	30,604	28,729

3) The trend of Phuket tourism in 2017

In 2017, Phuket welcomed increasing number of visitors both domestic and overseas from in-bound flights from China, Russia, Australia, Middle East and East Asian. In addition, several visitors turned to Phuket, instead of Bali, Indonesia as uncertainty of Mount Agung erupted on 22-30 November 2017, due to the similar price spending and tourism style. Ministry of tourism and sport expects that hotel room supply could reach up to 800 hotels in 2018.

9.4 Tourism Overview in Prachuap Khiri Khan

1) The number of tourists visiting Prachuap Khiri Khan

Based on tourist statistics of Prachuap Khiri Khan, Prachuap Khiri Khan had totally 4.56 million visitors in the first 11 months of 2016, which increased by 0.18 million visitors or 4.20 percent from 2015. This increase is contributed to domestic visitors 0.15 million visitors or 4.36 percent and foreign visitors 0.03 million visitors or 3.52 percent. Moreover, Prachuap Khiri Khan earned income in the total amount of Baht 27,970 million from visitors, which increased by Baht 2,100 million or 8.12 percent from 2016, from Thai tourists Baht 18,179 million and foreign visitors Baht 9,791 million respectively.

Average occupancy rate during 11 months of 2017 in Phuket is 68.58%, increased 0.02% from last year.

Prachuap Khiri Khan	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
<u>%OCC</u>											
2017	78.70	75.93	79.52	73.52	66.93	60.65	59.86	66.27	56.70	68.02	68.31
2016	78.68	75.91	79.51	73.50	66.91	60.63	59.84	66.25	56.69	68.01	68.30
<u>All Visitors (million)</u>											
2017	0.41	0.38	0.39	0.37	0.33	0.32	0.40	0.46	0.40	0.54	0.55
2016	0.40	0.37	0.39	0.36	0.33	0.31	0.39	0.44	0.36	0.51	0.51
<u>Thai visitors (million)</u>											
2017	0.30	0.30	0.32	0.31	0.28	0.26	0.32	0.38	0.33	0.43	0.43
2016	0.30	0.28	0.32	0.30	0.28	0.25	0.31	0.37	0.30	0.40	0.41
<u>International visitors (million)</u>											
2017	0.10	0.09	0.07	0.06	0.05	0.05	0.08	0.08	0.07	0.12	0.11
2016	0.10	0.09	0.07	0.06	0.05	0.05	0.08	0.08	0.07	0.11	0.11
<u>Revenue from all visitors (Baht million)</u>											
2017	2,604	2,444	2,438	2,297	1,976	1,934	2,379	2,546	2,308	3,569	3,475
2016	2,512	2,313	2,352	2,124	1,874	1,799	2,180	2,392	1,980	3,185	3,159
<u>Revenue from Thai visitors (Baht million)</u>											
2017	1,641	1,594	1,741	1,464	1,335	1,250	1,349	1,585	1,375	2,431	2,414
2016	1,596	1,509	1,695	1,383	1,288	1,174	1,256	1,480	1,200	2,172	2,184
<u>Revenue from international visitors (Baht million)</u>											
2017	963	851	696	833	641	685	1,030	962	933	1,138	1,061
2016	916	804	657	740	586	626	924	912	780	1,013	975

2) Hotel supply in Prachuap Khiri Khan

In 2016, Prachuap Khiri Khan had totally 17,409 key rooms in 584 registered accommodation, growing 1.92% and 4.50% respectively. Top ranking is hotel accommodation with 9,615 key rooms in 200 hotels, resort and guest houses ranked second and third respectively.

Prachuap Khiri Khan	2016		2017		2018	
	No. of acc	No. of rooms	No. of acc	No. of rooms	No. of acc	No. of rooms
Hotel	193	9,101	200	9,615	199	9,618
Resort	191	4,928	194	5,038	193	4,982
Guest house	91	1,044	91	1,044	91	1,044
Bungalow	75	1,100	75	1,100	75	1,100
Serviced Apartment	3	110	3	110	3	110
Mansion	4	109	5	234	5	234
Homestay	4	19	4	19	4	19
Others	12	249	12	249	12	249
Total	573	16,660	584	17,409	582	17,356
Growth	3.62%	5.26%	1.92%	4.50%	-0.34%	0.30%

3) The trend of Prachuap Khiri Khan Tourism in 2017

Tourism in Prachuap Khiri Khan tends to grow constantly in 2017. The SingKhon Pass border checkpoint, the Burmese town on the border between Thailand and Myanmar, is developing as a tourist attraction and expecting to open its gates to travelers by 2018, this will bring a great number of visitors from Myanmar and oversea traveling to Thailand. Moreover Myanmar is presently preparing road construction heading to Myeik city in Tanintharyi Region, improving transportation more convenient. The competitor among hotel operators is facing aggressively as supply of new hotels i.e. Park Nai Lert Hua Hin Hotel

Income Guarantee

10. Information about the income guarantee and the person giving guarantee

- None -

Limitation on Allocation of the Trust Units

11. Limitation on Allocation of the Trust Units

- (1) In regard to the allocation of the trust units to subscribers, it shall be allocated to a person or persons in compliance with the Notification Tor Jor. 49/2555 or other related Notification.
- (2) In the case where the Trust invests in properties in Thailand, the REIT manager shall determine investment proportion and allocate the Trust units to foreign investors in accordance with such laws and regulations.

In the case where the Trust invests in several properties specified in (1) with different laws and regulations for foreign investors, the REIT manager shall allocate minimum investment proportion as rules prescribed in the Notification of the SEC.

Policy and Limitation of Benefit Distribution

12. Policy and Limitation of Benefit Distribution

- (1) The REIT manager shall distribute benefits or return of not less than 90% of the adjusted net profit for the fiscal year. The REIT manager shall make distribution to the trust unitholders of not less than one (1) times per year and shall distribute the benefit within 90 days from the end of the fiscal year or from the end of the accounting period of the latest quarter (if any).

Adjusted net profit means net profit adjusted with following transaction

- (1) Unrealised Gain from appraisal of the Trust's asset, including other adjusted transactions as indicated in guidelines of the Office of the SEC to be in accordance with cash position of the Trust.
- (2) Cash position of the Trust which is deducted loan principal repayment and other obligations which is specified in Annual Statement (56-REIT), Prospectus or annual report (if any).
- (2) In the case where the Trust has an accumulated net profit from each accounting period, the REIT manager shall also make distribution to the trust unitholders from aforesaid accumulated net profit.
- (3) In case that REIT manager is unable to pay distribution within the period, the REIT manager would send written notice to inform the SEC and the trust unitholders.
- (4) In the case where the Trust still has an accumulated loss, the REIT manager shall make no distribution to the trust unitholders.
- (5) For consideration of distribution benefits, if the benefit per trust unit of annual period or interim period is less than or equal to Baht 0.10, the REIT manager shall reserve the right not to make any distribution and carry forward such distribution for next period as indicated in benefit distribution policy.
- (6) For the principle and criteria of benefit distribution, the REIT manager shall proceed accordingly, unless the changes, revision, or addition from Office of the SEC, and/or other legitimated divisions such notifications and regulations.
- (7) The benefit to be received must be proportionated to the trust unitholding of each trust unitholder. In the case where it appears that any person(s) holds trust units in excess of the ratio or with disqualified conditions specified in the relevant SEC notifications Tor Jor, 49/2555 such person(s) shall not be allowed to receive the benefit of the trust units which represent the portion in excess of the ratio or with disqualified conditions as specified under the SEC notifications.
- (8) The REIT Manager shall announce the benefit distribution, closing date of the register of the trust unitholders and ratio of benefit to the trust unitholders whose names appear in the register of trust unitholders as of the closing date of the register of trust unitholders through information system of the SEC, together with notify to Trustee in written notice.

- (9) The payment of benefit distribution will be made by wire transfer to bank account of the trust unitholders or by cheque crossed to account payee only as name and address appeared in the register of the trust unitholders.
- (10) In the case the trust unitholders have not obtained any benefit distributions in the period of prescription with the right of claims according to the Thailand Civil and Commercial Code, the REIT manager shall not utilize such benefits for other purposes, unless for the benefit of the Trust.

Fee and Expenses Collected from the Trust

13. Fee and Expenses Collected from the Trust

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
1.	REIT Manager Fee	Not over 2.00% per year of Net Asset Value of DREIT or not less than Baht 2,000,000 per year *	Monthly
2.	Acquisition or Disposal Fee	Acquisition Fee <u>In case of related persons of the</u> <u>cost of the main assets of the REIT Manager</u> - Not over 0.75% of value of the acquired assets <u>Other cases</u> - Not over 1.00% of value of the acquired assets Disposal Fee - Not over 0.50% of value of the assets sold	
3.	Trustee Fee	Not over 2.00% per year of Net Asset Value of DREIT or not less than Baht 6,000,000 per year	Monthly
4.	Registrar Fee	As specified by the register of the trust unitholders	Monthly
5.	Advisory Fee For any purchase, distribute or transfer of the main assets i.e. legal fee, lawyer fee, project management fee, engineering fee, and/or quality control audit fee.	Actual amount	-
6.	Financial Advisory Fee	<u>In case of Initial Public Offering:</u> - Not over 0.50% of the amount of fund raised or the value of trust unit converted <u>In case of Capital Increases:</u> - Not over 3.00% of the amount of fund raised.	-

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
		Other cases: As actual amount paid	
7.	Distribution Fee of trust unit for initial public offering and any case of capital increase of the Trust	Not over 3.00% of the amount of fund raised	-
8.	Fee of loan supply or bond issuance, including credit rating fee	Actual amount	-
9.	Interest and loan fee	Actual amount	-
10.	Expenses relating with advertising, public relation, websites and sales promotion either case of fund raising or additional bond issuance or public relation to investors	Actual amount	-
11.	Fee of Trust Unit Offering, including sponsor fees of the trust unit in the first public offering and next offering.	Not over 3.00% of the amount of fund raised	-
12.	Expenses or fees on Trust establishment i.e. - Filing fee - Registration fee for Trust Unit Offering - Documentation fee, translation fee, legal advisory fee related with trust establishment	Actual amount	-
13.	Annual registration fee and expenses to retain the status of listed company in the SET	As rate specified by Stock Exchange of Thailand	Yearly

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
14.	Fee and expenses on auditing and internal audit of the Trust	Actual amount	-
15.	Agent or Property brokerage fee for purchase, disposal, distribute or the transfer of rights of the main assets	Not over 3.00% of the amount purchased	-
16.	Fee and expenses on acquisition, distribution, disposal or transfer of main assets of the Trust	Actual amount	-
17.	Tax and stamp duty or fees relating with the acquisition and/or disposal of main assets	Actual amount	-
18.	Fees and/or expenses on asset appraisal	Actual amount	Yearly
19.	Fees and/or expenses on Engineering System Evaluation, Certified Professional Accountant for auditing profit and loss, and preparation of reports or research	Actual amount	-
20.	Expenses relating with asset management i.e. marketing expenses, public relation, sales promotion, public utilities expenses, bank fees, gasoline expenses.	Actual amount	-
21.	Expenses on maintenance, improvement, renovation, and/or construction assets invested by the Trust	Actual amount	-
22.	Expenses on insurance such as Property Damage Insurance	Actual amount	-
23.	Tax and Fees related with government offices such as	Actual amount	-

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
	Property Tax, Local Development Tax, Signboard Tax		
24.	Expenses on incremental construction for project completion	Actual amount	-
25.	Legal expenses related to claims and proceedings for debt collection or legal fees for court proceedings or prosecution for right protection of Trust Unitholders as a whole, which file by Trustee or REIT Manager	Actual amount	-
26.	Expenses on the Trust Unit Payment or Refunds such as Bank Fee, Stamp Duty, Postage Stamp, and Telephone and Facsimile Bill	Actual amount	-
27.	Fees on Preparation, Printing of the Subscriptions, Trust Unit Certificates, Receipts, Tax Invoices and Other Forms related to the Trust, and expenses on document distribution such documents to Trust unitholders	Actual amount	-
28.	Fees on preparation and printing of the Prospectus, Annual Report including translation and distribution fees	Actual amount	-
29.	Expenses on preparation, printing distribution of announcement and reports, including announcements	Actual amount	-

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
	in daily newspaper such as announcement of net asset value, revised project development news, closing date of the registrar for benefit distribution		
30.	Expenses on meeting of the board of directors on investment and/or Trust unitholders meeting such as telephone charges, distribution fee of invitation letters, meeting documents, minutes and translation fee	Actual amount	-
31.	Fees or expenses on benefits in return to capital increases and/or capital decreases such as bank fees, stamp duty, register fee, postage, telephone and facsimile charges	Actual amount	-
32.	Expenses caused from revision of project and/or from revision according to laws, Notifications of SEC or related laws such as expenses of Trust unitholders meeting, advertisement on newspaper	Actual amount	-
33.	Documents expenses on the register of Trust unitholders, as well as relating expenses of the register.	Actual amount	-
34.	Legal expenses related to the operation and management of the	Actual amount	-

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
	Trust including expenses for court proceedings such as confiscation fees, proceedings expenses by Trustee and/or REIT Manager or proceedings which Trustee files against REIT Manager for its proformance or claims for compensation for benefits of Trust Unitholders as a whole or upon a request by SEC. Court fee, Compensation for third parties, Mortgage fee, Registration fee, Discharge of mortgage fee, Registration Fee with department of land, transaction fee, and expenses on agreement amendment etc.		
35.	Mortgage fee, Registration fee, Discharge of mortgage fee, Registration fee with department of land, transaction fee, and expenses on agreement amendment	Actual amount	-
36.	Compensation to third parties for damages incurred from operation of the Trust in excess of Insurance Coverage	Actual amount	-
37.	Fees and/or expenses on dissolution of the Trust or Change of the REIT Manager or the Trustee	Actual amount	-
38.	Expenses on the Inspection of Asset	Actual amount	-

No.	Fee and Expenses	Celling % of NAV or each of any new transaction	Collection Period
39.	Fees and/or expenses related to the Operation of the Trust	Actual amount	-

* For 2018 and 2019 the REIT Manager will charge REIT Manager Fees at rate not over 0.15% per year of Total Asset Value of Trust, but not less than Baht 2,000,000 per year



Opinion of the Trustee

To Trust unitholders of Dusit Thani Freehold and Leasehold Real Estate
Investment Trust ("the Trust")

I, KrungThai Asset Management Public Company Limited, as the Trustee of Real Estate Investment Trust, has supervised and monitored the management of the Dusit Thani Freehold and Leasehold Real Estate Investment Trust managed by Dusit Thani Properties REIT Company Limited for the accounting period from 29th November 2017 to 31st December 2017.

I am of the opinion that Dusit Thani Properties REIT Company Limited has reasonably and appropriately performed its duties in managing the Trust in accordance with the objectives specified in the Trust Deed, the prospectus and provisions under Securities and Exchange Act B.E. 2535, and Trust for Transactions in Capital Market Act B.E.2550.

Trustee

KrungThai Asset Management Public Company Limited

Mr. Piraj Migasena
Executive Vice President

KrungThai Asset Management Public Company Limited

20 February 2018

Business Development and Management

Real Estate Investment Trus Dept.

Tel : +66-2686-6100 Ext. 6149,6153,6446

Transaction Information between the Trust and the REIT Manager or Related Persons of the REIT Manager and Opinion of the REIT Manager

15. Transaction information between the Trust and the REIT manager or related persons of the REIT manager and opinion of the REIT manager

Company which may have conflict of interests	Type of Related Transactions	Necessity or Rational of the Related Transaction	Opinion of the REIT Manager and Financial Advisor on Price and Condition
Dusit Thai Properties Co., Ltd. (DTPP)	DREIT obtained the transfer of leasehold rights of Dusit Thani Hua Hin Hotel from DTCPF and DTPP.	Dusit Thani Hua Hin is one of core assets which will be subleased to Dusit Management Co., Ltd. for benefit generation from rental income.	<ul style="list-style-type: none"> - The transfer of leasehold rights of Dusit Thani HuaHin Hotel is one of process of DTCPF conversion which in accordance with Entitlement Agreement, Transfer of Rights and Duties Agreement as normal conversion process.
Dusit Management Co., Ltd. (DMCO)	DMCO is the Lessee or Sublessee of the assets of DREIT	<ul style="list-style-type: none"> - Leasing out or subleasing out core assets of DREIT to DMCO is rational as DMCO, a subsidiary of DTC, being well-rounded experience and expertise in hotel management. - DREIT will obtain the benefits from rental income of initial property investment. - In accordance with the Notifications of offering the Trust units to investors for real estate investment for the benefits of core 	<ul style="list-style-type: none"> - Rental Fee earning from leased assets is derived from Fixed Rental Fee and Variable Rental Fee; however, the structure of Total Rental Fee and Fixed Rental Fee shall not be less than what is stated in lease agreement between lessee and DTCPF (before conversion). Also it is consistent with the benefit generation of Trust for property investment, specifying that variable rent fee shall not over than 50% of fixed rent fee as criteria notified by Capital Market Supervisory Board Tor. Jor. 49/2555 about Trust Units Offering for property

Company which may have conflict of interests	Type of Related Transactions	Necessity or Rational of the Related Transaction	Opinion of the REIT Manager and Financial Advisor on Price and Condition
		assets by leasing and/or subleasing wholly to lessee and the Trust shall obtain such benefits in a form of rental income.	investment and other related and/or additional revised notifications.
Dusit Thani Properties REIT Co., Ltd. ("DTPR" or "The REIT Manager")	DREIT assigned DTPR as the REIT Manager	<p>- Directors and Executives of the REIT manager are the experienced expert in investment and asset management and knowledgeable in core assets of Trust</p> <p>- The REIT manager is a subsidiary of DTC holding 99.99% of total registered shares. DTC is the well-rounded experienced and expert in hotel development and management for over 40 years as well as familiar with core assets which highly supportive to operation of the REIT manager.</p>	<p>- The REIT manager request management fee from DREIT at rate not exceeding 2.00% per year of Net Asset Value (NAV), but not less than Baht 2,000,000 per year</p> <p>- REIT management fee comply with normal Trust business, which compare favorably with other REIT managers and fund manager of DTCPF (before conversion)</p> <p>- The REIT manager request acquisition and disposal fee of assets as follows: The acquisition fee of asset:</p> <ul style="list-style-type: none"> • The asset of persons related with the Trust: not exceeding 0.75% of DREIT's acquired asset value. • Other assets: not exceeding 1.00% of DREIT's acquired asset value. <p>The disposal fee of asset: not exceeding 0.50% of</p>

Company which may have conflict of interests	Type of Related Transactions	Necessity or Rational of the Related Transaction	Opinion of the REIT Manager and Financial Advisor on Price and Condition
			<p>DREIT's disposed asset value.</p> <ul style="list-style-type: none"> - The structure of the management fee of the REIT manager is standard practice in business operations, comparable to management fee of property managers in other property REITs. Such fees would drive incentives to the REIT manager for seeking new assets to generate more revenue and returns to the trust. - Acquisition fee of assets from related persons is lower than of non-related persons with the Trust which deem appropriate. - Disposal fee of assets are in line with normal business practice comparable with management fee of other property managers in other property REITs.
Dusit Thani Public Limited Company ("DTC")	DREIT obtained the Transfer of Rights and Duties under Agreements between DTCPF and DTC with material agreements as follows:	<ul style="list-style-type: none"> - Such agreements with related conditions well serve Trust's benefit generation and reducing chances of conflicts of interests between DTC and DREIT, while granting DREIT the rights of investment expansion amongst assets in DTC Groups as specified in mutual agreements. 	<ul style="list-style-type: none"> - Such mutual agreements aim to reduce chances of conflicts of interests and to build confidences for investors from properties initially invested by Trust with normal business practices.

Company which may have conflict of interests	Type of Related Transactions	Necessity or Rational of the Related Transaction	Opinion of the REIT Manager and Financial Advisor on Price and Condition
	<ul style="list-style-type: none"> - Performing in accordance with properties lease and/or sublease agreement - Shareholding and maintaining of shareholding proportion in DMCO - Maintaining of unit holding in DTC PF - Operating business with competitiveness - Rights of first refusal for investment 		

Management Discussion and Analysis

Overview of the Trust's performance

Dusit Thani Freehold and Leasehold Real Estate Investment Trust was established since 29 November 2017, the conversion process of offering the trust units in exchange of the assets and liabilities of DTCPF, however, completed on 8 December 2017, resulting to the Trust's performance of 2017 from the invested assets contributed for 24 days of operation.

Profitability of the Trust

For the performance of the year ending 31 December 2017, Dusit Thani Freehold and Leasehold Real Estate Investment Trust has a net income from investment of 16.52 million Baht, consisting of total revenue of 19.25 million Baht and total expenses of 2.74 million Baht.

Key revenue of the Trust is rental income from assets initially invested with total rental income of 19.01 million Baht in 2017.

Total expenses were 2.74 million Baht, consisting of management fee, trustee fee and registrar fee totaling 1.01 million Baht or 36.81% of total expenses, interest expenses totaling 1.41 million Baht or 51.67% of total expenses, and other expenses amount of 0.31 million Baht or 11.51% of total expenses.

Financial Position of the Trust

Assets:

As of 31 December 2017, the Trust reports total assets of 4,344.29 million Baht, mainly from investment in property at value of 4,172.77 million Baht, accounting for 96.05% of total asset value, and cash and cash equivalents of 164.76 million Baht, accounting for 3.79% of total asset value.

Liabilities:

As of 31 December 2017, the Trust has total liabilities of 671.72 million Baht with significant details including long-term loan amount of 588.89 million Baht, accounting for 87.67% of total asset value, trade payables amount of 81.31 million Baht, accounting for 12.10% of total asset value. Major trade payables are transferred from Dusit Thani Freehold and Leasehold Property Fund.

However, main objectives of such long-term loan are (1) as a part of compensation in exchange of assets and liabilities of Dusit Thani Freehold and Leasehold Property Fund (2) for a renovation expense for Dusit Thani Laguna Phuket.

Net Asset:

As of 31 December 2017, the Trust has the net assets value of 3,672.57 million Baht, including registered capitals from the trust unitholders amount of 3,656.05 million Baht and retained earnings of 16.52 million Baht. Net Asset Value per unit as of 31 December 2017 is equivalent to 8.9706 Baht per unit.

Independent Auditor's Report

To the Unitholders of Dusit Thani Freehold and Leasehold Real Estate Investment Trust

Opinion

I have audited the financial statements of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (the "Trust"), which comprise of the balance sheet and details of investments as at 31 December 2017, the statements of income, changes in net assets, cash flows and significant financial information for the period from 29 November 2017 (incorporation date) to 31 December 2017 then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 December 2017, and its financial performance, changes in net assets, cash flows and significant financial information for the period from 29 November 2017 (incorporation date) to 31 December 2017 in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of investments in freehold and leasehold properties	
Refer to note 1, 4 and 6 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Investments in freehold and leasehold properties are material to the Trust's financial statements and are stated at fair value. The fair value of investments in freehold and leasehold properties is determined by income approach using discounted future cash flows based on forecasted future operating results of each hotel properties. The Trust used an independent external valuers to assist in valuing the fair value of these investments.</p> <p>The judgements involved in determining the key assumption underlying the valuation result in a risk in the valuation of investments in freehold and leasehold properties as well as is an area which my audit is particularly concentrated on.</p>	<p>My audit procedures included understanding and evaluating the basis upon which the Trust identified and assessed the fair value of each asset.</p> <p>An external expert engaged by KPMG assisted in considering whether the measurement basis and key assumptions underlying the estimate of the fair values at investment transfer date from the Fund were reasonable by taking into account of similar assets in other comparable situations and the work performed by the independent valuer of the Trust. I have considered the key assumptions by comparing assumptions in the appraisal reports with actual occurrence and testing calculation and considered the reasonableness and we performed sampling test the addition investment.</p> <p>I also considered the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Vannaporn Jongperadechanon)
Certified Public Accountant
Registration No. 4098

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2018

Balance Sheet

		31 December 2017 (in Baht)
	<i>Note</i>	
Assets		
Investments at fair value (at cost of Baht 4,172 million as at 31 December 2017)	6	4,172,773,799
Cash at banks	5, 7	164,761,776
Prepaid expenses		1,139,695
Other assets		5,616,555
Total assets		4,344,291,825
Liabilities		
Other accounts payable		81,308,594
Accrued expenses	5	1,177,466
Withholding tax payable		349,696
Long-term loan	8	588,889,209
Total liabilities		671,724,965
Net assets		3,672,566,860
Net assets		
Capital received from unitholders	9	3,656,050,621
Retained earnings	9	16,516,239
Net asset value (Baht 8.9706 per unit at 31 December 2017 based on 409,400,000 units outstanding)		3,672,566,860

The accompanying notes are an integral part of these financial statements.

Details of Investments

		31 December 2017		% of
Area	Cost	Fair value		fair value
	(in Baht)			
Type of investments				
Investments in freehold and leasehold properties (note 6)				
1. Dusit Thani Laguna Phuket Hotel Project				
Location	Tambon Cherng Talay, Talang, Phuket			
- Ownership of land , buildings and equipment	2,879,281,645	2,879,281,645		69.00
2. dusitD2 Chiangmai Hotel Project				
Location	Tambon Changklan, Muang, Chiangmai			
- Ownership of land , buildings and equipment	401,135,293	401,135,293		9.61
3. Dusit Thani Hua Hin Hotel Project				
Location	Petchkasem Road, Cha-am, Petchaburi			
- Land leasehold right of land and leasehold right on buildings				
- Ownership of furniture , fixtures , equipment and improvement	892,356,851	892,356,851		21.39
Total investments in freehold and leasehold properties	4,172,773,789	4,172,773,789		100

The accompanying notes are an integral part of these financial statements.

Details of Investments

	31 December 2017		
	Cost	Fair value	% of fair value
	(in Baht)		
<i>Investment in common share</i>			
Common share			
Dusit Management Co., Ltd.	10	10	-
Total investment in common share	10	10	-
 Total investments	 4,172,773,799	 4,172,773,799	 100.00

The accompanying notes are an integral part of these financial statements.

Statement of Income

		For the period from 29 November 2017 (incorporation date) to 31 December 2017 (in Baht)
	<i>Note</i>	
<i>Investment income</i>		
Rental income	5	19,012,097
Interest income		18,269
Other income		220,967
Total income		19,251,333
<i>Expenses</i>		
Management fee	5, 11	437,566
Trustee fee	5, 11	441,066
Registrar fee	5, 11	128,245
Professional fee		133,500
Other expenses		181,383
Finance cost		1,413,334
Total expenses		2,735,094
Net investment income		16,516,239
Increase in net assets from operations		16,516,239

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

		For the period from 29 November 2017 (incorporation date) to 31 December 2017 (in Baht)
	<i>Note</i>	
<i>Increase in net assets from operations during the period</i>		
Net investment income		16,516,239
Net increase in net assets from operations		16,516,239
Increase in capital from unit holders		
trust units sold during the period		
409,400,000 units at Baht 8.9302	4	3,656,050,621
Increase in net assets during the period		3,672,566,860
Net assets at the beginning of the period		-
Net assets at the end of the period		3,672,566,860

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

		For the period from 29 November 2017 (incorporation date) to 31 December 2017 (in Baht)
	Note	
<i>Cash flows from operating activities</i>		
Increase in net assets from operations		16,516,239
<i>Adjustments for</i>		
Interest expenses		1,413,334
Decrease in prepaid expenses		105,438
Purchases of investments in properties		(11,773,799)
Payment for obtaining net assets from the Fund	4	(440,000,000)
Proceeds from obtaining net assets from the Fund	4	31,590,000
Increase in other assets		(1,589,540)
Decrease in other accounts payable		(7,341,933)
Increase in withholding tax payable		349,696
Decrease in accrued expenses		(11,983,534)
Net cash used in operating activities		(422,714,099)
<i>Cash flows from financing activity</i>		
Interest paid		(1,413,334)
Cash received from long-term loan	8	588,889,209
Net cash from financing activity		587,475,875
Net increase in cash at banks		164,761,776
Cash at banks at the beginning of the period		-
Cash at banks at the end of the period		164,761,776

The accompanying notes are an integral part of these financial statements.

Significant Financial Information

For the period from
29 November 2017
(incorporation date) to
31 December 2017
(in Baht)

Information on operating results (per unit)

Net assets value at the beginning of the period	-
Obtain of net assets from the Fund	8.9302
Net investment income	0.0404
Net asset value at the end of the period	8.9706

Ratio of net increase in net assets from operations to average net assets during the period (%)

Significant financial ratios and additional significant information

Net assets at the end of the period (in Baht)	3,672,566,860
Ratios of total expenses to average net assets during the period (%)	0.001
Ratios of investment income to average net assets during the period (%)	0.005
Ratios of weighted average investment purchases and sales during the year to average net assets during the period (%) *	0.003
Average net asset value during the period (in Baht)	3,672,566,860

Information

* The value of investment purchases and sales during the period does not include cash at banks, promissory notes and investments bought/sold under a resale/repurchase agreement, and is calculated by a weighted average basis over the accounting period.

The accompanying notes are an integral part of these financial statements.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust**Notes to the financial statements****For the period from 29 November 2017 (incorporation date) to 31 December 2017**

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Obtain assets, liabilities and commitment from the Fund
5	Related parties
6	Investments in freehold and leasehold properties
7	Cash at banks
8	Long-term loan
9	Unitholders' equity
10	Distributions to unitholders
11	Expenses
12	Financial instruments

Dusit Thani Freehold and Leasehold Real Estate Investment Trust

Notes to the financial statements

For the period from 29 November 2017 (incorporation date) to 31 December 2017

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors of REIT manager on 19 February 2018.

1 General information

Dusit Thani Freehold and Leasehold Real Estate Investment Trust (“the Trust”) was established as a trust on 29 November 2017. The Trust was converted from Dusit Thani Freehold and Leasehold Property Fund (“the Fund”). The Trust is a closed-end trust with the specific purpose. REIT Manager are authorized by the Securities and Exchange Commission of Thailand to offer trusts to investors, according to the SEC letter No. Jor Kor 2047/2560 dated 23 November 2017, regarding the application for permission to sell trust units for investment in Dusit Thani Freehold and Leasehold Real Estate Investment Trust.

The Trust has a policy to invest in freehold and leasehold properties, including sublease high quality real estate, hotels and other types of property and relevant or beneficial to hotel properties. The Trust will invest in other assets and/or other securities and/or other means of interest, as requires by securities law and/or other relevant laws.

The Stock Exchange of Thailand approved the listing of the Trust’s units and permitted their trading from 15 December 2017 onwards.

As at 31 December 2017, its major unitholder was Dusit Thani Public Company Limited which held 30.02% of total outstanding units.

Dusit Thani Properties REIT Company Limited acted as the REIT manager and Krung Thai Assets Management Public Company Limited acted as the Trustee.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission. In addition, the financial statements have been prepared under the basis and format as required by the Thai Accounting Standard No. 106 “Accounting for Investment Companies”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The application of these new and revised TFRS has resulted in changes in certain of the Trust’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust

Notes to the financial statements

For the period from 29 November 2017 (incorporation date) to 31 December 2017

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for investments which are measured at fair value.

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Trust's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of estimates and judgements*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in note 6 investments in freehold and leasehold properties.

3 Significant accounting policies

(a) *Investments*

Investments are recognised as assets at cost of investments at the date on which the Trust has rights on investments. The cost of investments comprises the purchase prices and direct expenses that the Trust pays to get such investments.

Investments in freehold and leasehold properties

Leasehold property and assets purchased and/or invested by the Trust include leasehold land and building, land, buildings and infrastructures related to hotel business, furniture, fixtures and equipment used in hotel operations are recorded in investments in freehold and leasehold properties.

Investments in freehold and leasehold properties are stated at fair value with no depreciation charge. The fair value is based on appraisal value by independent valuers approved by the Securities and Exchange Commission. The Trust will conduct appraisal of properties at least every two years from the date of the appraisal from purchase of the properties or the date of the latest appraisal and will conduct a review of appraisal at least every year after the date of the latest appraisal. The Management company will not appoint any appraiser to appraise the property for more than 2 consecutive times.

Gains or losses from investment valuation are presented as net unrealised gains or losses in the statement of income.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust
Notes to the financial statements
For the period from 29 November 2017 (incorporation date) to 31 December 2017

Investments in other securities

Investments in common share are stated at cost.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in the statement of income.

If the Trust disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weight average method applied to the carrying value of the total holding of the investment.

(b) Cash at banks

Cash at banks in the statement of cash flows comprise call deposits.

(c) Rental receivables

Rental receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Deferred expenses

Deferred expenses included in other assets comprise the registration fees and other related expenses as incurred are amortised as expense over a period of 5 years on a straight-line basis, and cost of borrowings as incurred are amortised as expense over a period of 12 years on a straight-line basis.

(e) Other accounts payable

Other accounts payable are stated at cost.

(f) Revenue

Revenue excludes value added tax and is arrived at after deduction of trade discounts.

Rental revenue

Rental revenue is recognised in the statement of income on a straight line basis over the lease period. Contingent rentals are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised in the statement of income as it accrues.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust**Notes to the financial statements****For the period from 29 November 2017 (incorporation date) to 31 December 2017****(g) Expenses**

Expenses are recognised in the statement of income as they accrue.

(h) Income tax

The Trust is exempted from Thailand corporate income tax. Therefore, no provision for corporate income tax has been made in the financial statements.

(i) Distribution to unitholders

A decrease in retained earnings is recognised at the date a cash dividend is declared.

4 Obtain assets, liabilities and obligations from the Fund

On 8 December 2017, the Trust obtained assets, liabilities and obligations from the Fund as follows;

	<i>(in thousand Baht)</i>
Asset	
Investments at fair value	4,161,000
Cash at banks	31,590
Prepaid expenses	1,245
Other assets	4,027
Liability	
Other accounts payable	(88,651)
Accrued expenses	(13,161)
Net assets	4,096,050

The Trust issued trust units totaling Baht 3,656 million totaling 409.4 million units and cash payment totaling Baht 440 million to the Fund.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Trust if the Trust has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trust and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust
Notes to the financial statements
For the period from 29 November 2017 (incorporation date) to 31 December 2017

Relationships with related parties were as follows:

Name of entities	Type of business	Nature of relationship
Dusit Thani Public Company Limited	Hotel and hotel management	Major unitholder
Dusit Thai Properties Public Company Limited	Hotel and hotel management	A subsidiary of major unitholder
Dusit Management Company Limited	Hotel	A subsidiary of major unitholder
Dusit Thani Properties REIT Company Limited	Assets management	A manager of Trust
Krung Thai Assets Management Public Company Limited	Assets management	The trustee
Krung Thai Bank Public Company Limited	Commercial bank	Major unit holder of trustee

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Rental income	Contractually agreed price
REIT manager fee	Contractually agreed price
Trustee fee	Contractually agreed price

Significant transactions for the period from 29 November 2017 (incorporation date) to 31 December 2017 with related parties were as follows:

	2017 (in thousand Baht)
<i>Rental income</i>	
Dusit Management Company Limited	19,012
<i>Expenses</i>	
<i>REIT manager Fee</i>	
Dusit Thani Properties REIT Company Limited	438
<i>Trustee Fee</i>	
Krung Thai Assets Management Public Company Limited	441

Balances as at 31 December with related parties were as follows:

	2017 (in thousand Baht)
<i>Cash at banks</i>	
Krungthai Bank Public Company Limited	15,862
<i>Accrued expenses</i>	
Krung Thai Assets Management Public Company Limited	462
Dusit Thani Properties REIT Company Limited	459
Total	921

Dusit Thani Freehold and Leasehold Real Estate Investment Trust

Notes to the financial statements

For the period from 29 November 2017 (incorporation date) to 31 December 2017

6 Investments in freehold and leasehold properties

As disclosed in note 4 to the financial statements, on 8 December 2017, the Trust received a transfer assets from the Fund. The initial investment 3 properties of the Fund transferred related to 3 hotels which detailed as follows:

- 1) Investments in assets used in operations of Dusit Thani Laguna Phuket Hotel:
 - Purchase of land, buildings and hotel's infrastructures of Dusit Thani Laguna Phuket Hotel totalling Baht 2,801 million.
 - Purchase of furniture and fixtures and equipment used in operations of Dusit Thani Laguna Phuket Hotel totalling Baht 68 million.
- 2) Investments in assets used in operations of dusitD2 Chiang Mai Hotel:
 - Purchase of land, buildings and hotel's infrastructures of dusitD2 Chiang Mai Hotel totalling Baht 387 million.
 - Purchase of furniture and fixtures and equipment used in operations of dusitD2 Chiang Mai Hotel totalling Baht 14 million.
- 3) Investments in assets used in operations of Dusit Thani Hua Hin Hotel:
 - Lease of properties used in operations of Dusit Thani Hua Hin Hotel from Dusit Thai Properties Public Company Limited which consisted of land, buildings and hotel's infrastructures for the period of 30 years. The Trust had paid all leases for the entire lease period from 24 December 2010 to 23 December 2040 (total 30 years) at the agreement date totalling Baht 839 million.
 - Purchase of furniture and fixtures and equipment used in operations of Dusit Thani Hua Hin Hotel totalling Baht 52 million.

The Trust has leased and/or sub-leased all above properties to the hotel management company, Dusit Management Company Limited, a subsidiary of Dusit Thani Public Company Limited.

The mentioned leased and/or sub-leased to Dusit Management Company Limited, the Trust has received the transferred rights and responsibilities of leased and/or sub-leased agreements from the Fund which the expiry date will be in 2019. After the Trust able to give right to Dusit Management Company Limited to renew the agreements 4 times with a 3-year period each (ending in 2031). The term and conditions are similar with the existing agreements, except the rental amount specified the following:

- a. Fixed rental will be calculated according to the rental agreement calculated, nevertheless the fixed rental will not less than Baht 205 million.
- b. Variable rental will refer to hotels performance.

The independent professional valuers appraised the investments in freehold and leasehold properties based on income approach as at 30 November 2017, Dusit Thani Laguna Phuket Hotel, Dusit Thani Hua Hin Hotel and dusitD2 Chiang Mai Hotel have the appraisal value totalling Baht 4,161 million.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust

Notes to the financial statements

For the period from 29 November 2017 (incorporation date) to 31 December 2017

Movements in investments in freehold and leasehold properties for the period from 8 December 2017 (the received a transfer of net assets date) to 31 December 2017 were summarised as follows:

	2017 (in thousand Baht)
At 8 December (the received a transfer of net assets date)	4,161,000
Add renovations in December 2017	11,774
At 31 December	4,172,774

7 Cash at banks

	Interest rate 2017 (%)	Principal 2017 (in thousand Baht)
Krunghai Bank Public Company Limited		
Saving account	0.375%	15,862
Thanachart Bank Public Company Limited		
Saving account	0.125%	148,899
Total		164,761

Cash at banks of the Trust as at 31 December 2017 were denominated entirely in Thai Baht.

8 Long-term loan

The movement of long-term loan as at 31 December 2017 was as follows:

	2017 (in thousand Baht)
At 29 November	-
Addition	588,889
At 31 December	588,889

The Trust has borrowed loan from Commercial bank. The amount of Baht 588 million was used to redeem assets and liabilities from the Fund together with the trust. The principal repayment will be made on a quarterly basis for 48 installments. The first installment will be paid within April 2018 and monthly interest will be paid. The interest rate is MLR at the rate as stipulated in the agreement.

The loan is secured by land and construction of Dusit Thani Laguna Phuket with a mortgage facility of Baht 790 million and a 12-year mortgage.

The loan agreement carries certain restrictive covenants pertaining to financial ratio as specified in the agreement.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust**Notes to the financial statements****For the period from 29 November 2017 (incorporation date) to 31 December 2017****9 Unitholders' equity**

		2017	
	Par value (in Baht)	Number (thousand units / in thousand Baht)	Amount
Authorised			
At 8 December (the transfer of net assets date)			
- Units	8.9302	409,400	3,656,051
At 31 December		409,400	3,656,051
At 8 December (the transfer of net assets date)			
- Units	8.9302	409,400	3,656,051
At 31 December		409,400	3,656,051

Movements in retained earnings are as follows:

	2017 (in thousand Baht)
Retained earnings	
At 29 November	-
Add net investment income	16,529
At 31 December	16,529

10 Distributions to unitholders

The Trust has a policy of distributions to unitholders such as

- 10.1 The trust manager shall distribute benefits to trust unitholders not less than 90% of the adjusted net profit for the fiscal year, not less than one time per year and shall distribute the benefit within 90 days from the end of the fiscal year or from the end of the accounting period (if any).

The adjusted net profit means net profit adjusted with following transactions:

- (1) Unrealised gain from appraisal of the trust's asset, including other adjusted transactions as indicated in guidelines of the Office of SEC to be in accordance with cash position of the trust.
 - (2) Cash position of the trust which is deducted loan principal repayment and other obligations which is specified in annual statement filling or annual report (if any).
- 10.2 In the case where the Trust has an accumulated net profit from each accounting period, the trust manager may also make distribution to the trust unitholders from aforesaid accumulated net profit.
- 10.3 In the case where the Trust still has an accumulated loss, the trust manager shall make no distribution to the trust unitholders.
- 10.4 For consideration of distribution benefits, if the benefit per trust unit of annual period or interim period is less than or equal to Baht 0.10, the trust manager shall reserve the rights not to make any distribution and carry forward such distribution for next period as indicated in benefit distribution policy.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust

Notes to the financial statements

For the period from 29 November 2017 (incorporation date) to 31 December 2017

11 Expenses

Management fee

Trust management fee

The Trust-management company is entitled to receive a monthly management fee at a rate not exceeding 2% per annum of the trust-net assets value. Such management fee is not less than Baht 2 million per year.

Fees for acquiring / disposing of trust assets

The Trust-management company is entitled to receive a fee not exceeding 1 % of the value of the asset acquired or disposed of by the Trust.

Trustee fee

The trustee is entitled to receive remuneration at a rate not exceeding 2% per year of the trust-net assets value. The fee is not less than baht 6 million per year.

Registrar fee

The registrar fee is in according to the requirements of the Registrar.

12 Financial instruments

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Trust operations and its cash flows. The Trust is primarily exposed to interest rate risk from cash at banks.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Trust as and when they fall due. Credit risk arises from risk in the collectability of lease rental from counterparties.

Dusit Thani Freehold and Leasehold Real Estate Investment Trust**Notes to the financial statements****For the period from 29 November 2017 (incorporation date) to 31 December 2017**

The Trust has significant concentrations of credit risk due to the Trust have only a lessee/sub-lessee. As a result, the Trust might have the risk from financial position and ability to pay lease rental of that lessee/sub-lessee if it has financial problem. However, Dusit Thani Public Company Limited has guaranteed the minimum lease and/or sublease payment to the Trust for the first to fourth years of the lease period and has pledged the bank guarantee during such guarantee period to prevent those impact.

Fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes in the relevant notes to the financial statements.

Capital risk management

The Trust's objectives when managing capital are to safeguard the Trust's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of dividends paid to unitholders, return capital to unitholders, issue new shares or sell assets to reduce debt, if any.

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