

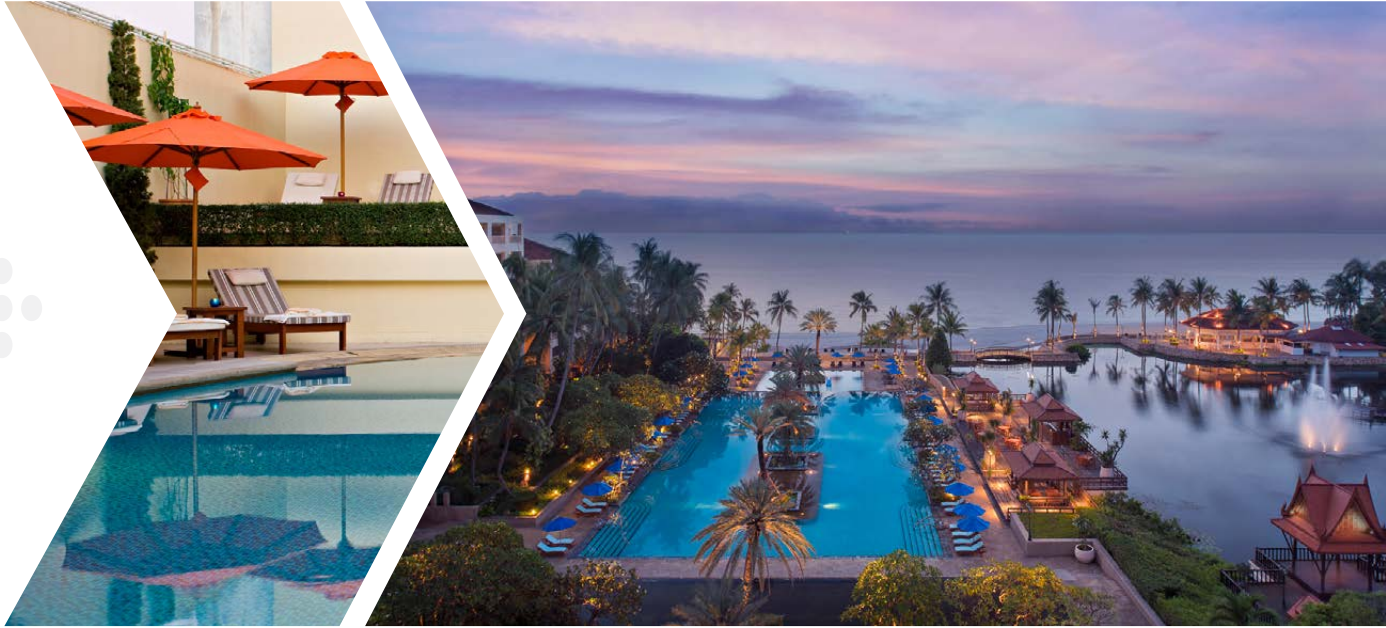


STEPPING FORWARD 

An aerial photograph of a tropical island resort. The island is lush with green palm trees and vegetation. A long, curved pier extends from the island into the turquoise water, lined with numerous overwater bungalows. The water is crystal clear, showing the sandy bottom and coral reefs. The sky is a deep blue with a few wispy white clouds.

2019  
ANNUAL REPORT

Dusit Thani Freehold and Leasehold  
Real Estate Investment Trust



*STEPPING  
FORWARD*





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## Message from Chairman



Dear Trust Unitholders

Though it has been the second year of Dusit Thani Freehold and Leasehold Real Estate Investment Trust being listed in Stock Exchange of Thailand, yet our determination has been ceaseless. This year the Trust performed a rapid growth in many aspects including investment in new overseas asset, enhancement the image of Dusit Thani Hua Hin hotel, and efficiently improvement in management in order to create the long-term sustainable growth and best returns for trust unitholders.

### **The First REIT that Invested in Oversea Asset in 2019**

In addition to 3 hotels under DREIT (Dusit Thani Laguna Phuket, Dusit Thani Hua Hin, and Dusit D2 Chiang Mai), the REIT Manager is continuously seeking for new investments both domestic and international hotels and envisage that Dusit Thani Maldives is one of the quality asset with high potential return which the Trust should be invested in. Dusit Thani Maldives hotel is located on Mudhdhoo Island in Baa Atoll – recognized as the only UNESCO World Biosphere Reserve. The first overseas acquisition transaction successfully completed in late September 2019 with a net investment value of Baht 2,368 million.

### **Enhancing Potentiality of Existing Assets**

The REIT Manager knows the importance of remodeling the image of Dusit Thani Hua Hin to strengthen the competitiveness position in the market. For this reason, Dusit Thani Hua Hin Hotel has been closed 200 guestrooms for major renovation which started from May 2019 to December 2019. Whereas, the remaining guestrooms, banquet hall, fitness & Spa, and other engineering systems will be on the list of renovation plan in year 2020. Dusit Thani Hua Hin Hotel is a vacation destination for both Thais and foreigners. It is received the Global Winner of World Luxury Diplomatic Hotel's award (hotel for international organization meetings and excellent national relations in the world) for 7 consecutive years. While Dusit Thani Laguna Phuket was recently renovated during the year 2017-2018, increasingly recognizing revenue from new and modern design yet still embraced with Dusit ways of Thai Identity.



### Effective Management

The global economy grew relatively low due to the trade war between the United States and China and Thai Baht appreciation since the beginning of the year, resulting to Thai tourism industry grew only 2.4%, compared to the previous forecast of 2.6%. However, the hotel management team has an effective responsive plan and cost controlling, leading to the total income of Baht 288.78 million, increased by 27% from previous year. Part of this is contributed by the full-scale operation of Dusit Thani Laguna Phuket Hotel after completed the renovation in early 2019 and revenue of Dusit Thani Maldives recognized in last quarter of the year.

This is another step of DREIT along on the developing path aiming for sustainable growth. On behalf of the Board of Directors, executives and employee, we would like to thank to all customers for the trust and support in the service of our 4 hotels, to all staffs for hard working to fulfill the need of our customers and thank to all trust unitholders for the commitment and confidence with DREIT. Your trust can empower us dedicating and pushing forward DREIT to reach international stage. Most importantly, we will look after the benefits and returns of trust unitholders and relevant parties at the best effort.

Warmest Regards,

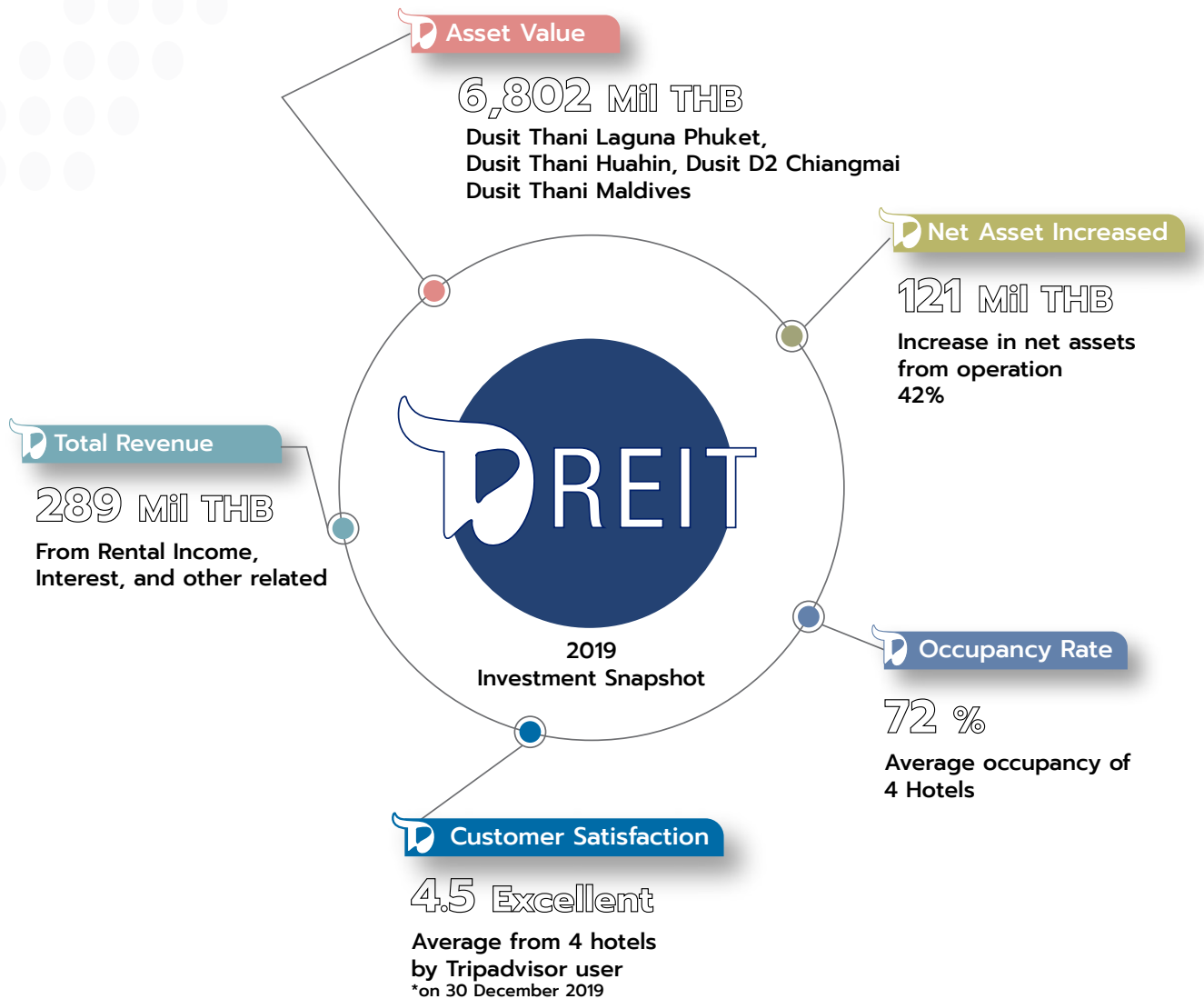
Mr. Chanin Donavanik

Chairman

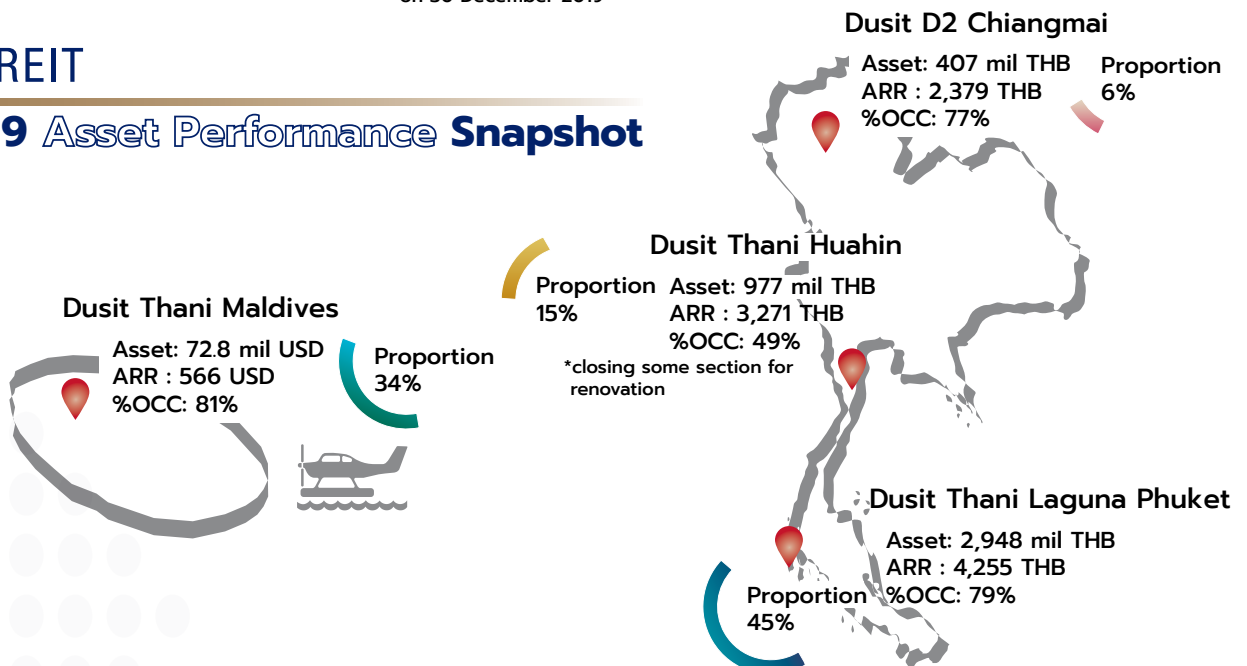
Dusit Thani Properties REIT Co., Ltd.



## 2019 Investment Snapshot



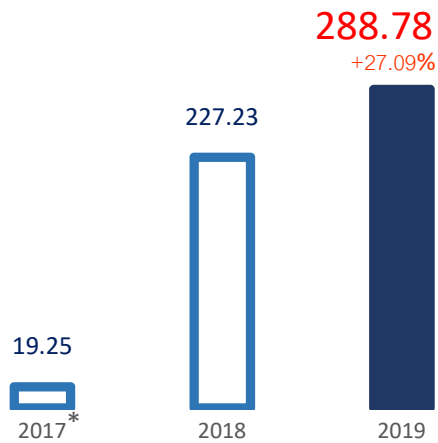
## 2019 Asset Performance Snapshot



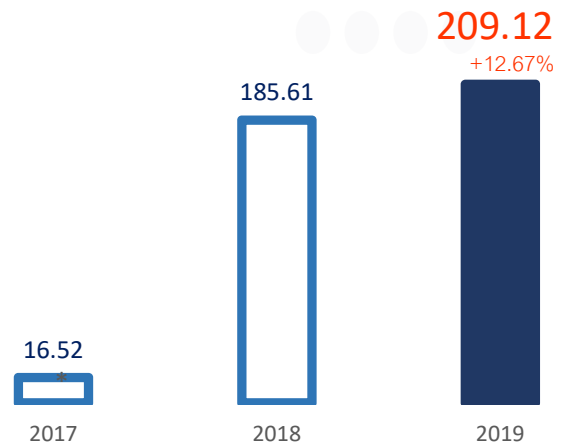


## Financial Highlights

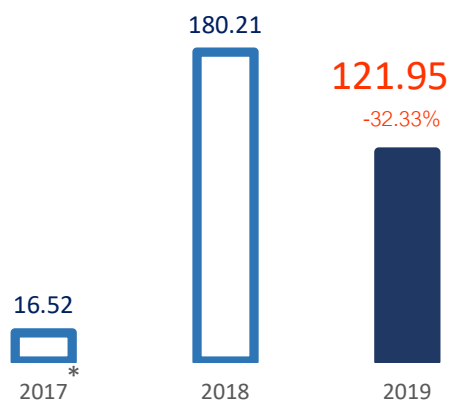
Total revenue (million Baht)



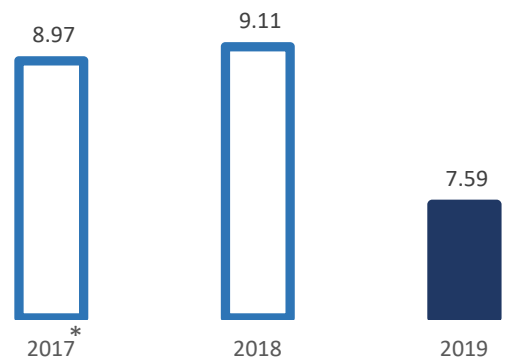
Net Investment Income (million Baht)



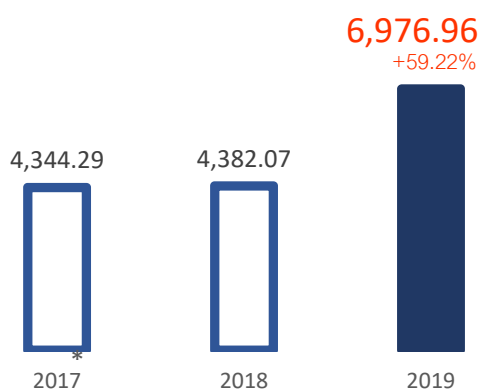
Increase in Net Asset (million Baht)



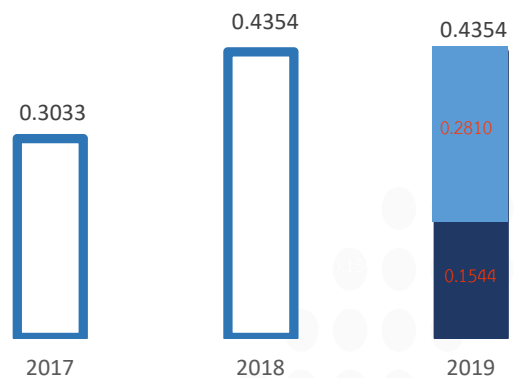
Net Asset Value (Baht / Unit)



Total Assets (million Baht)



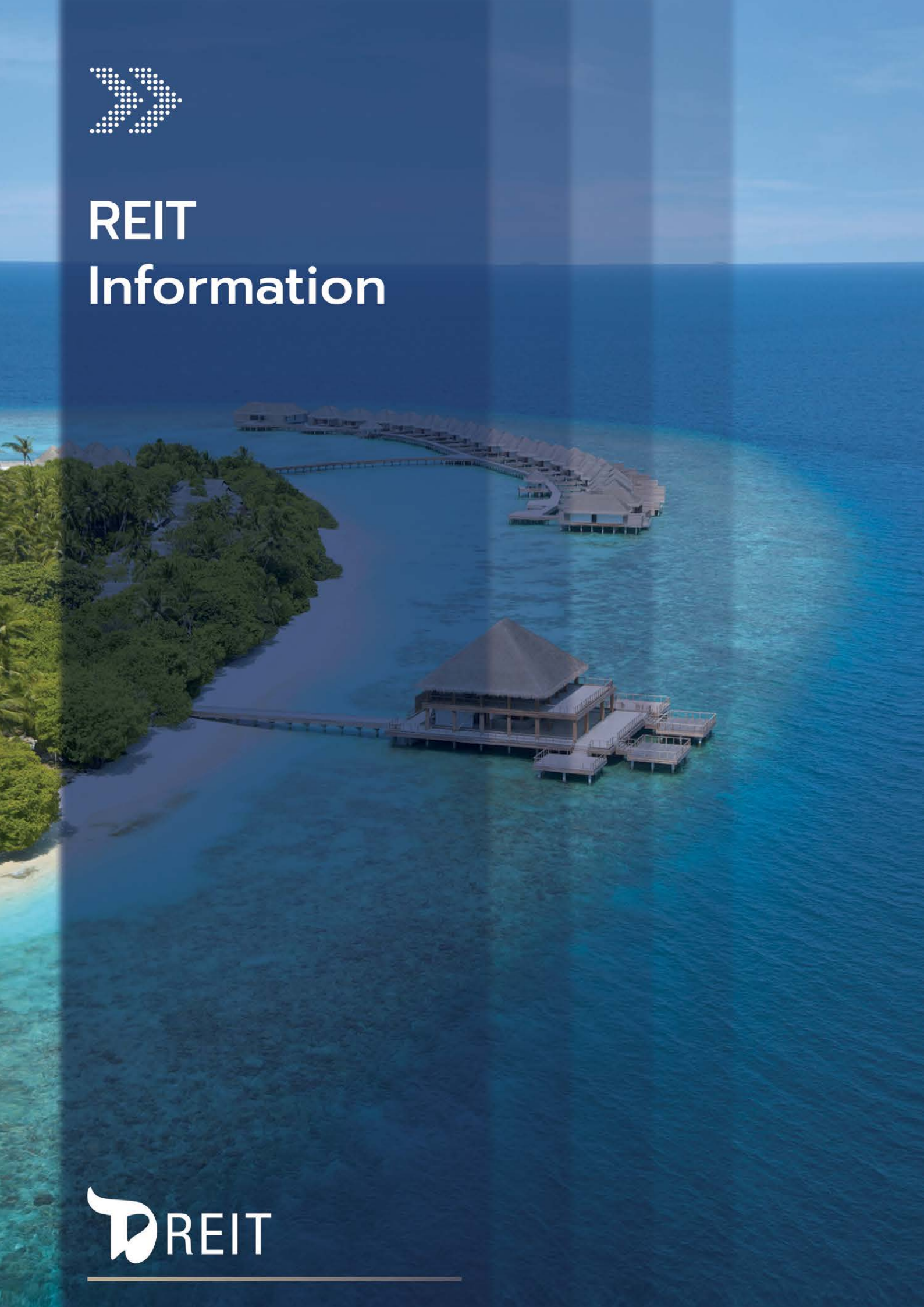
Distribution per Unit (Baht / Unit)



\*DTCPF converted into REIT on 29 Nov 2017



# REIT Information





## Information of the Trust

<b>Name of the Trust (Thai)</b>	ทรัสต์เพื่อการลงทุนในอสังหาริมทรัพย์และสิทธิการเช่าดุสิตธานี
<b>Name of the Trust (English)</b>	Dusit Thani Freehold and Leasehold Real Estate Investment Trust (“TRUST”)
<b>Initials</b>	DREIT
<b>REIT Manager</b>	Dusit Thani Properties REIT Company Limited (“the Company”)
<b>Tustee</b>	Krung Thai Asset Management Public Company Limited (“Trustee”)
<b>Term of the Trust</b>	Indefinite
<b>Paid-up Capital</b>	THB 5,407,735,620.46
<b>Type of the Trust</b>	Non-redeemable unit trust from the trust unitholders

### Investment Assets

Property	Type of Investment	Location	Asset Valuation	Value invested by the REIT
Dusit Thani Laguna Phuket Hotel	Freehold	Talang, Phuket	THB 2,947.7 Million	THB 3,058.2 Million
Dusit Thani Hua Hin Hotel	Leasehold	Cha-am, Petchaburi	THB 977.4 Million	THB 1,061.1 Million
Dusit D2 Chiangmai Hotel	Freehold	Muang, Chiangmai	THB 406.9 Million	THB 409.7 Million
Dusit Thani Maldives Hotel	Leasehold	Mudhdhoo Island, Republic of Maldives	USD 72.8 Million	THB 2,368.6 Million



## 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 Sub-leasehold Rights in core assets or by indirect investment, 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, use of core assets to generate income by renting as specified by the SEC or authorized parties.

Moreover, the Trust aim to 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.

## List of the First 10 Trust Unitholders as at the Book Closing Date (30 December 2019)

Trust Unitholders	Number of the Units	the Units Proportion
Dusit Thani Public Company Limited	213,622,668	30.02%
Social Security Office	180,826,930	25.41%
Muang Thai Life Assurance Public Company Limited	25,900,091	3.64%
Krungthai-AXA Life Insurance Public Company Limited	23,035,488	3.24%
TMB Property Income Plus Fund	13,751,000	1.93%
Dhipaya Life Assurance Public Company Limited	12,000,000	1.69%
BBHISL NOMINEES LIMITED	10,462,200	1.47%
One Property Plus Fund	5,520,613	0.78%
LH Property Plus I Fund	4,597,300	0.65%
LH Thai Property Fund	3,767,500	0.53%



## Trustee

<b>Name</b>	Krung Thai Asset Management Public Company Limited (“Trustee”)
<b>Location of Head Office</b>	No. 1 Empire Tower, 32th Floor, South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120
<b>Company registration ID</b>	0107545000373
<b>Contact Information</b>	Telephone: 0-2686-6100 Fax: 0-2670-0430
	E-mail: bdreit@ktam.co.th Website: www.ktam.co.th
<b>Registered and paid-up Capital</b>	THB 200,000,000

### Shareholding Structure

No.	Name of Shareholder	No. of Shares	Percent (%)
1	Krungthai Bank PCL.	19,999,886	99.99
2	Mr. Varayu Thienpramuk	1	0.00
3	Miss Hathaiwan Makthong	1	0.00
	Total	19,999,888	100.00

### 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.

### **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

Name	Dusit Thani Properties REIT Company Limited (“REIT Manager”)
Location of Head Office	319 Chamchuri Square, 29th Floor, Phayathai Road, Pathumwan Sub-district, Pathumwan District, Bangkok 10330
Company registration ID	0105560138818
Contact Information	Telephone : 02-200-9999 ต่อ 3680 – 3684 E-mail : <a href="mailto:ir@dtcreit.com">ir@dtcreit.com</a> Website : <a href="http://www.dtcreit.com">www.dtcreit.com</a>
Registered Capital	THB 10,000,000  (Consist of 100,000 shares at par value of 100 Baht)
Type of Business	REIT Manager of the Trust
List of Directors	<ol style="list-style-type: none"><li>1. Mr. Chanin Donovanik</li><li>2. Mrs. Suphajee Suthumpun</li><li>3. Ms. Pattaneeporn Thienprasiddhi</li><li>4. Ms. Natharin Talthong</li><li>5. Mr. Virapan Pulges</li><li>6. Mr. Saranthor Mudhasakul</li></ol>
Authorized Directors	Mr. Chanin Donovanik Mrs. Suphajee Suthumpun Ms. Pattaneeporn Thienprasiddhi Mr. Saranthor Mudhasakul two of these directors co-sign and affix the Company’s seal.
Accounting Period	1 January – 31 December



## Shareholding Structure

No.	Name of Shareholder	No. of Shares	Percent (%)
1	Dusit Thani PCL.	99,997	99.99
2	Mr. Chanin Donavanik	1	0.00
3	Mrs. Suphajee Suthumpun	1	0.00
4	Mr. Narongchai Wongthanavimok	1	0.00
Total		100,000	100.00

## Roles and Responsibilities of 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.

## Structure of REIT Manager

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.





## 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

2018 - Present	Director ,Dusit Foods Co., Ltd.
2017 - Present	Chairman, Dusit Thani Properties REIT Co., Ltd.
2017 - Present	Director/ Corporate Governance Committee , Kasikornbank Plc. Present Chairman of Tourism and Service Business Committee, Thai Chamber of Commerce Present Head of Private Sector, Public-Private Steering Committee, D3 MICE and tourism promotion
2017 - Present	Director, Dusit Colours Co., Ltd.
2016 - Present	Vice Chairman and Executive Committee Chairman , Dusit Thani Plc.
2016 - Present	Director ,Vimarn Suriya Co., Ltd.
2015 - Present	Director, Piyasiri Co., Ltd.
2015 - Present	Chairman, Dusit Hospitality Education Philippines, Inc.
2014 - Present	Director ,Dusit Excellence Co., Ltd.
2014 - Present	Director ,Dusit Fudu Hotel Management (Shanghai) Co., Ltd.
2014 - Present	Vice Chairman Dusit Thani College
2013 - Present	Director, JTB (Thailand) Co., Ltd.
2013 - Present	Director ,Dusit China Capital Co., Ltd.
2012 - Present	Director ,Dusit USA Management Inc.
2011 - Present	Director ,Dusit Bird Hotels Pvt. Ltd.
2011 - Present	Director ,DMS Property Investment Pvt. Ltd.
2010 - Present	Director, Chanut and Children Co., Ltd.
2010 - Present	Director ,Dusit Management Co., Ltd
2009 - Present	Director/ Executive , Dusit Thai Properties Plc.
2008 - Present	Director ,Dusit Worldwide Co., Ltd.
2008 - Present	Director ,Dusit Overseas Co., Ltd.
2000 - Present	Director ,Devarana Spa Co., Ltd.
1995 - Present	Chairman , Dusit Thani Philippines, Inc.
1990 - Present	Director, Dusit Thani Properties Co., Ltd.
1989 - Present	Director, Thai-Japan Gas Co., Ltd.
1988 - Present	Director, Thana Jirang Co., Ltd



**Virapan Pulges**  
Independent Director

#### **Educations**

- Master of Science in Electrical Engineering, University of Colorado (Scholarship from IBM)
- Bachelor of Science in Electrical Engineering and Computer Science, University of Colorado (1st degree honor)

#### **Current Position**

2018 – Present	Committee Member of the Securities and Exchange Commission
2018 – Present	Independent Director, Altitude Development Co., Ltd.
2018 – Present	Chairman of the Board / Independent Director / Chairman of Compensation and Nomination Committee, Neo Corporate Co., Ltd.
1997 – 2019	Director, SVI Plc.
2017 – 2018	Chief Executive Officer, TICON Industrial Connection Plc.
2016 – 2018	Director, TPARK BFTZ Co., Ltd.
2015 – 2018	Director, TICON (HK) Limited
2015 – 2018	Commissioner, SLP TICON Indonesia
2013 – 2018	Director, TICON Management Co., Ltd., REIT Manager Company
2010 – 2018	Director, Shanghai TICON Investment Management Co., Ltd.



**Natharin Talthong**  
Independent Director

#### **Educations**

Master of Science in Finance, University of Colorado, USA

#### **Current Position**

2017 – Present	Director / Independent Director, Dusit Thani Properties REIT Co., Ltd.
2013 – Present	Independent Director / Chairman of Audit Committee / Member of Risk Management Committee / Member of Nominating and Remuneration Committee Malee Group Plc.



**Pattaneeporn Thienprasiddhi**  
Director

#### Educations

- Master of Business Administration (MBA), BOSTON UNIVERSITY, USA
- MS in Information Systems, BOSTON UNIVERSITY, USA
- MA in Economics, BOSTON UNIVERSITY, USA
- Bachelor of Business Administration, Chulalongkorn University

#### Current Position

2019 – Present	Director, Dusit Thani REIT Co., Ltd.
2019 – Present	Director, Dusit Maldives Investment Pvt. Ltd.
2019 – Present	Director, Dusit Maldives Management Pvt. Ltd.
2018 – Present	Director, Dusit Thani Properties REIT Co., Ltd.
2018 – Present	Director, Dusit Foods Co., Ltd.
2017 – Present	Director, ASAI Holdings Co., Ltd.
2016 – Present	Director, Dusit Thai Properties Plc.
2016 – Present	Director, Suan Lum Property Co., Ltd.
2016 – Present	Director, Pharam 4 Development Co., Ltd.
2014 – Present	Director, Dusit Excellence Co., Ltd.
2013 – Present	Director, China Capital Co., Ltd.
2011 – Present	Director, DMS PROPERTY INVESTMENT PRIVATE LIMITED
2010 – Present	Director, Dusit Management Co., Ltd.
2009 – Present	Director, Dusit Thani Properties Co., Ltd.
2008 – Present	Director, Dusit Worldwide Co., Ltd.
2008 – Present	Director, Dusit Overseas Co., Ltd.
2005 – Present	Vice President of Finance, Dusit Thani Plc.
2002 – Present	Director, ACME Printing Co., Ltd.



**Sarnthor Mudhasakul**  
Managing Director

#### Educations

Master of Arts in Economics Chulalongkorn University

#### Current Position

2017 – Present	Managing Director, Dusit Thani Properties REIT Co., Ltd.
2019 – Present	Director, Dusit Thani REIT Co., Ltd.
2019 – Present	Director, Dusit Maldives Investment Pvt. Ltd.



**Suphajee Suthumpun**  
Director

### **Educations**

- MBA, International Finance and International Accounting, Northrop University, California, USA.
- BS, Sociology and Anthropology, Thammasat University
- The Programme of Senior Executives of Justice, Office of the Judicial Training Institute
- Director Certification Program, Class 89/2007
- Advanced Audit Committee Program, Class 23/2016 Thai Institute of Directors Association

### **Current Position**

2018 – Present	Director, Dusit Thani Properties REIT Co., Ltd.
2018 – Present	Director, Epicure Catering Co., Ltd.
2018 – Present	Director, Dusit Hospitality Services Co., Ltd.
2018 – Present	Director, LVM Holdings Pte. Ltd.
2018 – Present	Director, Dusit Gourmet Co., Ltd.
2018 – Present	Director, Dusit Foods Co., Ltd./ NR Instant Produce Co., Ltd.
2017 – Present	Director, ASAI Holdings Co., Ltd.
2017 – Present	Director, Dusit Colours Co., Ltd.
2016 – Present	Director, Pharam 4 Development Co., Ltd.
2016 – Present	Director, Vimarn Suriya Co., Ltd./ Suanlum Property Co., Ltd.
2016 – Present	Director, Dusit Thani Properties Co., Ltd./ Le Cordon Bleu Dusit Co., Ltd./ Dusit Management Co., Ltd.
2016 – Present	Director, Dusit Worldwide Co., Ltd./ Dusit China Capital Co., Ltd./ DMS Property Investment Pvt. Ltd
2016 – Present	Director, Dusit Overseas Co., Ltd./ Dusit Thani Philippines, Inc./ Dusit Hospitality Education Philippines, Inc.
2016 – Present	Group Chief Executive Officer and Executive Director Dusit Thani Plc.
2015 – Present	Director, Dusit Thai Properties Plc
2015 – Present	Council Committee, Dusit Thani College
2015 – Present	Director, Dusit Thani Plc./ Dusit Excellence Co., Ltd.
2015 – Present	Independent Director/ Audit Committee/ Member of Risk Management Committee, Kasikornbank Plc.
2014 – Present	Sub-committee, Thailand Management Association



## Roles and Responsibilities of REIT Manager

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.

## 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.

### **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 management policy, capital 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.

## **Roles and Responsibilities of 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

### 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.

### **Remuneration of REIT Manager**

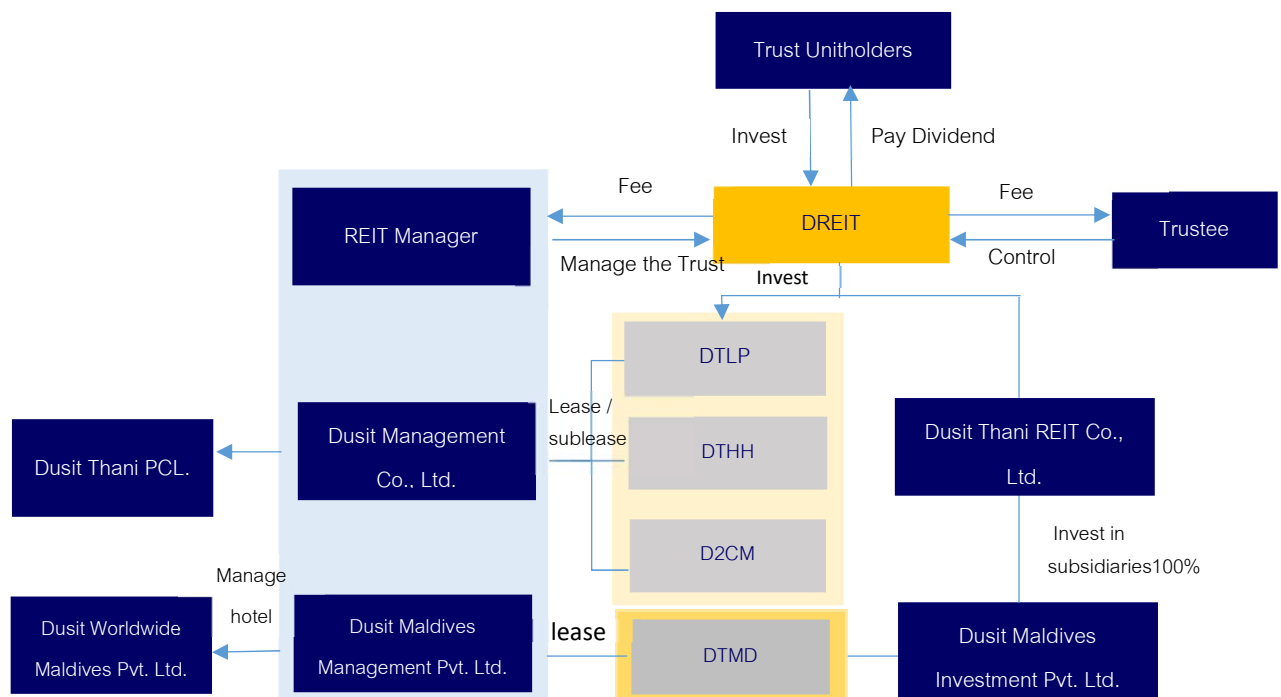
REIT manager will obtain a fee as specified in REIT Manager Agreement which details as follows

- (1) Management Fee : REIT Manager will obtain a fee at a rate not exceeding 2% per annum of the Net Asset Value of the Trust; however, such fee may not less than Baht 2,000,000 per annum.
- (2) Acquisition and Disposal Fee : REIT manager will obtain a fee not exceeding 1% of the value of any assets acquired or disposed by the Trust



## Structure of the TRUST

Structure for the First Capital Investment of the TRUST



For the initial investment asset, The REIT manager is 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 has appointed DTC as a hotel operator which have high expertise in hotel businesses and services for over 70 years. Dusit International Group is one of hotel chains delivering unique Thai style services in international standard.

For the first additional investment asset, Dusit Maldives Investment Pvt. Ltd. as a subsidiary of DREIT is leasing out or subleasing out the lands and structures, the utilities systems relating to the hotel businesses, and furniture, fixtures, fittings, and equipment of Dusit Thani Maldives Hotel, to the hotel operator which is Dusit



Maldives Management Pvt. Ltd., the subsidiary of DMCO, in order to generate benefits and to pay considerations to Dusit Maldives Investment Pvt. Ltd.

Dusit Maldives Management Pvt. Ltd has appointed Dusit Worldwide Maldives which is a subsidiary of DTC to operate the hotel businesses.



## 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. The Trust would acquire the core assets by either purchase and/or lease and/or sub-lease, either direct Investment or share acquisition of the companies, given the business purposes in line with the Trust (Indirect Investment).

The Trust aims to generate benefits in a form of rental income or any related income as well as initiate asset enhancement program to uplift asset potentiality in order to generate long-term sustainable income. Meanwhile the Trust will invest in other assets and/or other securities and/or any other returns pursuant to the Securities and Exchange Act and/or any other relevant laws.

### 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) 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).
- (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.



## 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 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 (1) and Clause (2) re: Indirect Investment shall be in accordance with the criteria set out in Clause 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 based on 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 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 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, 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.



## Major Development in 2019

As of 25 September 2019, DREIT has invested in Dusit Thani Maldives hotel which included the leasehold right over the land on which the hotel is situated, located on Mudhdoo Island in Baa Atoll, the Republic of Maldives, whereby the remaining lease term is approximately 40 years, ownership in any buildings and construction built on the land, and ownership in movable properties.

Moreover, in this year DREIT has renovated Dusit Thani Hua Hin hotel in Phase 1 which included 208 guest rooms, The Restaurant, Dusit Hall, back office areas. The renovation in Phase 1 started from June to November 2019 with the objective of modernizing the property appearance to serve the need of customers and attract customers to use the service continuously.

The Trust also has provided the annual revaluation of assets which Dusit D2 Chiang Mai hotel was appraised in January 2019 while Dusit Thani Laguna Phuket hotel and Dusit Thani Hua Hin hotel were appraised in October 2019.

In December 2019, DREIT was given credit rating at “BBB” (Outlook-Stable) by Tris Rating which is considered a credible and qualified investment grade.

The Trust has paid total distribution for the year 2019 with the amount of 0.4980 baht per unit from the performance period of 1 July 2018 to 31 December 2018 with the amount of 0.1714 baht per unit and the performance period of 1 January 2019 to 31 June 2019 with the amount of 0.2516 baht per unit, and return on investment amount of 0.0750 baht per unit.



## Asset Details





## Asset Details

As of December 31, 2019, the details of investment assets are as follows:

### Dusit Thani Laguna Phuket Hotel

Item	Details
Location	No.390 Srisoontorn Road, Tambon Cherngtalay, Amphur Talang, Phuket Province
Total Land Area	approximately 33 rai, 2 ngan, and 61.4 square wah.
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.
Investment Type	Freehold rights of Dusit Thani Laguna Phuket Hotel, comprising of (1) A total of 6 land plots with approximate total usable area of 33 rai, 2 ngan, and 61.4 square wah; (2) Structures, utilities system works, and facilities (3) Furniture, fixtures and fittings, and equipment used in the operation.
Details of Assets	(1) 3-storey hotel building with the approximate total usable area of 16,605 square meters and other buildings totaling 15 building with 226 guest rooms. The hotel building was completely built and operated for business in the year 1987. (2) Hotel's utilities system include 2 set of passenger elevators, an emergency power system, a fire alarm system and indoor sprinklers





## Dusit Thani Hua Hin Hotel

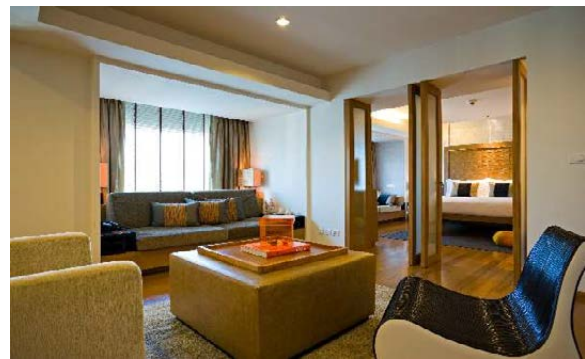
Item	Details
Location	No. 1349 Petchkasem Road, Amphur Cha-am, Petchburi Province
Total Land Area	approximate land area of 63 rai, 1 ngan and 60 square wah.
General Information	Dusit Thani Hua Hin Hotel is a large 5-star hotel in Amphur Cha-am of Petchburi Province. This resort hotel was uniquely designed 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.
Investment Type	Leasehold right of Dusit Thani Hua Hin Hotel comprising of <ol style="list-style-type: none"> <li>(1) A total of 5 land plots from Dusit Thai Properties Plc. (the remaining leasehold period is around 21 years which the term of lease is ended at year 2040)</li> <li>(2) Structures, utilities system works, and facilities</li> <li>(3) Freehold rights of furniture, fixtures and fittings, and equipment used in the operation</li> </ol>
Details of Assets	<ol style="list-style-type: none"> <li>(1) 7-storey hotel building with the approximate total usable area of 29,601 square meters and 9 other buildings with 296 guest rooms. The hotel building was completely built and operated for business in the year 1990.</li> <li>(2) Hotel's utilities system include 4 set of passenger elevators, an emergency power system, a fire alarm system and indoor sprinklers</li> </ol>





## Dusit D2 Chiangmai Hotel

Item	Details
Location	No. 100 Chang Klan Road, Amphur Mueng, Chiang Mai Province
Total Land Area	an approximate land area of 2 rai, 2 ngan and 65 square wah.
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.
Investment Type	Freehold rights of Dusit D2 Chiangmai Hotel, comprising of <ol style="list-style-type: none"><li>(1) A total of 7 land plots with the approximate total usable area of 2 rai, 2 ngan, and 65 square wah;</li><li>(2) Structures, utilities system works, and facilities</li><li>(3) Furniture, fixtures and fittings, and equipment used in the operation</li></ol>
Details of Assets	<ol style="list-style-type: none"><li>(1) 11-storey (including the basement) hotel building with a total usable area of approximately 11,697 square meters and 4 other buildings with 130 guest rooms. 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.</li><li>(2) 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.</li></ol>





## Dusit Thani Maldives Hotel

Item	Details
Location	Mudhdhoo Island, Baa Atoll, The Republic of Maldives
Total Land Area	approximately 116 rai 2 ngan 60 square wah.
General Information	Dusit Thani Maldives Hotel is a luxury 5-star hotel which comprise of the unique villa inspired by Maldivian and Thai architecture. The hotel is located on the Mudhdhoo island in Baa Atoll the Republic of Maldives which is the only UNESCO World Biosphere reserve of the Republic of Maldives.
Investment Type	<ul style="list-style-type: none"> <li>(1) Leasehold right of Dusit Thani Maldives (the remaining leasehold period is around 40 years which the the term of lease is ended at year 2059)</li> <li>(2) Freehold of any buildings located on the island including but not limit to utilities system and facilities</li> <li>(3) Freehold of furniture, fixtures and fittings, and equipment used in the operation.</li> </ul>
Details of Assets	<ul style="list-style-type: none"> <li>(1) Dusit Thani Maldives hotel comprised of 95 luxurious villas in various type including villa with private pool and without private pool</li> <li>(2) the convenience facilities such as the infinite pool, fitness center, Kids club, Restaurants, Souvenir shop, Tennis court, RO Plant and etc. Dusit Thani Maldives has been operated since 2012, February.</li> <li>(3) The hotel's utilities system includes Split type of air-conditioning system, Electric and Power system, Fire alarm system, Automatic fire extinguisher system, Pipeline system, Sanitation and Wastewater system, Security system, Internet and Television system.</li> </ul>





## Asset Appraisal Valuation

Fair value of the assets invested by the TRUST was appraised by the approved licensed appraiser by SEC, with Income Approach method details as follow;

List of Assets	Fair Value of Asset	Date of Appraisal	Appraiser
Dusit Thani Laguna Phuket	THB 2,947.7 mm	16 October 2019	Siam City Appraisal Co. Ltd.
Dusit Thani Hua Hin	THB 977.4 mm	16 October 2019	
Dusit D2 Chiang Mai	THB 406.9 mm	7 January 2019	
	USD 71.0 mm	12 July 2018	
Dusit Thani			Bangkok Hospitality Consulting
Maldives	USD 72.8 mm	5 July 2018	Services by Nexus Property Consultant



## Loan Details

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:

### 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), (5), and (6). The Trust shall also consider the remaining duration of the lease agreements.



## 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 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 which includes the Increasing the collateral limit for the same lender from existing collateral, REIT Manager shall proceed within other relevant laws.

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.



### 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.

### 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.

### 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:

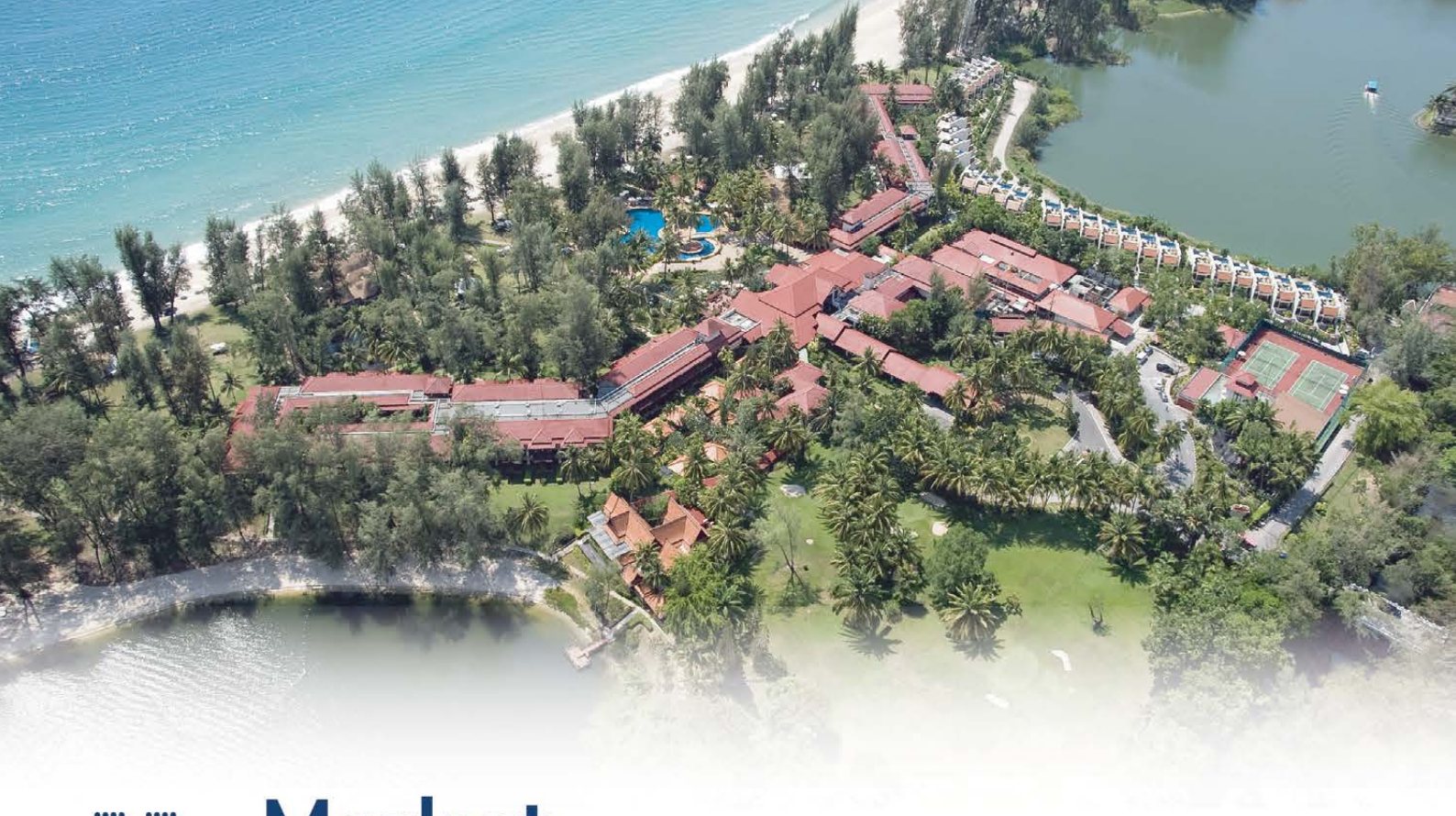
- (1) Creating obligation in relation to main agreement that trust is able to do as specified in Thor Jor 49/2555 Notification and other related laws; for example, giving the assets of the Trust as a security assurance for loan repayment as indicated in Trust Deed.
- (2) Making obligation which is commercially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



## Summary of the Loan Agreements

As of December 31, 2019, the Trust possess of net loan amount with CIMB Thai Bank with term and conditions are as follows

<b>Borrower</b>	DREIT
<b>Lender</b>	CIMB Thai Bank
<b>Credit Facility Amount</b>	Credit facility of not exceeding Baht 1,944.21 million
<b>Purpose of Loan</b>	To invest in the first additional investment of DREIT and/or refinancing and/or maintenance and renovate the assets in DREIT and/or use as the working capital
<b>Interest Rate</b>	Not exceeding the average MLR of Big 4 Commercial Banks (Bangkok Bank, Kasikornthai Bank, Siam Commercial Bank and Krungthai Bank)
<b>Period of Loan</b>	5 years from the first drawdown
<b>Loan Security</b>	Required security



# Market Overview





## Market Overview

### Tourism Overview in Thailand

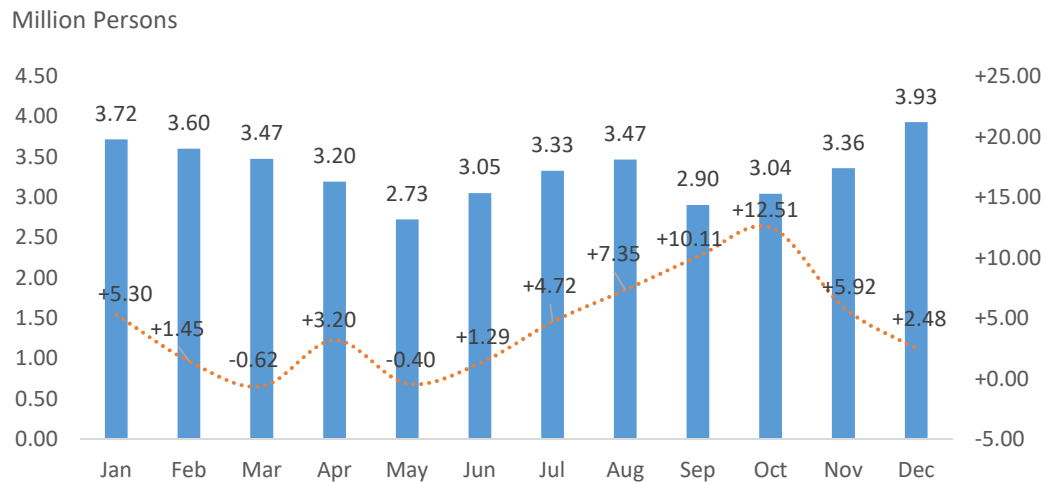
According to Ministry Tourism and Sports, the travel and tourism sectors of Thailand in 2019 has been growing in term of number of visitors and income. Thailand welcomed 39.8 million foreigners increased by 4.24% from the previous year, creating income from foreign tourists of Baht 1.93 trillion, grew up by 3.05% from 2018. While earning from Thai tourists of Baht 1.08 trillion, expanded 1.18% from 2018. Number of travelers highly expanded during October at 12.51% and least expanded during March at 0.62%

During the first 6 months of 2019, there are several factors effecting to small growth of Thai tourism sector in the past 2-3 years such as the decrease in the number of Chinese tourists due to the trade war with United States, the lack of confidence in the safety of Thai tourism from a boat accident in Phuket last year, the violent protests to close the airport in Hong Kong, economic conditions in Europe and many countries that are affected by the trade war between United States and China, uncertainty of Brexit, and Baht appreciation. However, during the last 6 months the tourism situation in Thailand has improved positively due to visa fee exemption as well as the increase in demand from Asian tourists such as Malaysia, Laos, South Korea, India etc.

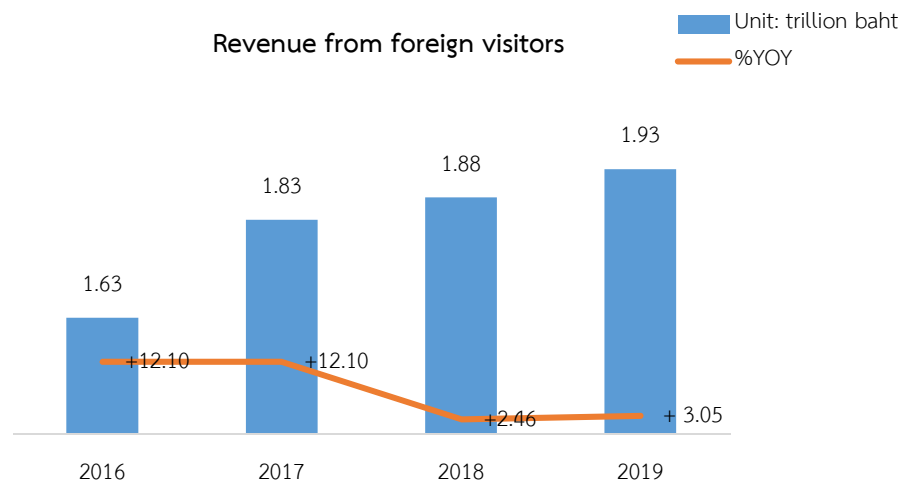
In 2019, the major of foreign tourists visiting Thailand is Chinese tourists which amounted 10.99 million people, grew up by 4.36% from the previous year. Although, during the first 6 months of 2019 has the number of Chinese tourists arrival decreased by 4.71% from the previous year due to various incidents in the past that negatively affected the tourism image of Thailand. Hence, the increase in number of Chinese tourists in second half shows the recovery trend of tourism image in Thailand towards the Chinese people. For the income generated from foreign tourists, Chinese tourists is still the market producing the highest income with total revenue of Baht 5.43 billion, increased by 4.78% from the previous year.



### No. of International Tourists



### Revenue from foreign visitors



Source: Ministry Tourism and Sports

Thai domestic tourism market also improved quite well due to the positive factors from the increase of public holidays and the government's campaigns that promoting the tourism in term of tax deduction, resulting in revenue from Thai tourists in the amount of Baht 1.08 trillion, increased by 1.18% from the previous year. From the reveals of Tourism Authority of Thailand, tourism trends in 2020 will be at the same growth of 2019, anticipating total revenue from tourists of Baht 3.18 trillion, or 4.2% growth, which contributes from foreign tourists of Baht 2.02 trillion and Thai tourists of Baht 1.16 trillion. While it is expected 40.8 million of foreigner and 172 million of Thais to visit Thailand.



## Tourism Overview in Chiang Mai

### Number of arrivals and occupancy rate

According to the statistic report from Ministry of Tourism & Sports, it is found that the total visitors at Chiang Mai in 2019 amounting to 10.82 million people, decreased by 0.04 million people or 0.39% from the previous year. Regarding to the number of tourists that have decreased, Thai tourists decreased by 0.16 million people and Foreign tourists increased by 0.11 million people.

In term of revenue, Chiang Mai earned Baht 109,057 million from total visitors which increased by Baht 1,432 million or 1.33% from the previous year, contributing from Thai visitors amount of Baht 65,965 million and Foreign tourists amount of Baht 43,091 million.

Average occupancy rate of 2019 in Chiang Mai is 74.44% decreased by 1.58% from the previous year.

### Hotel supply in Chiang Mai

The number of accommodations and rooms in 2019 grew up by 6.67% and 2.97% respectively. At the end of 2019, there are 912 accommodations and 39,226 rooms. Most of them are hotels which account for 48.14% of the total number of accommodations and 66.29% of the total number of rooms in Chiang Mai.

### Chiang Mai Tourism in 2019 and Trend in 2020

Although the tourism in Chiang Mai has decreased from the previous year due to PM2.5 air pollution and the slowdown of global economic. The Tourism Authority of Thailand, Office of Chiang Mai, has a long-term plan to reshape the tourism in Chiang Mai to be a city of art, handicrafts, and culture living that is existed in the past to attract the new generation of tourists. At the same time, it also accelerates the international market by focusing on the closing-distance markets that have direct flight to Chiang Mai such as Vietnam, South Korea, Taiwan, and Hong Kong. Particularly the potentials of Chinese market like educational groups which now has more than 7,000 students in Chiangmai as there are fine numbers of international schools and university supported.

With these plans in 2020, Chiang Mai will focus on promoting tourism in 3 areas such as 1. Food Tourism, through the Michelin Star Award in Chiang Mai 2. Handicraft Tourism, through supporting various craft local brands including organizing craft activities throughout the year 3. Educational Tourism, through coordinating with foreign offices and provincial schools. As well as promoting weekday tourism and off-season tourism



to cover the low season of Chiang Mai by addressing concept of Green at Heart Travelling – the environmental-friendly style - aiming to attracting European travelers and those with environmental concerns for sustainable growth of Chiangmai tourism.



## Hotel Supply in Chiang Mai during 2017 – 2019

### Chiang Mai

	2017		2018		2019	
	No. of supply	No. Room	No. of supply	No. Room	No. of supply	No. Room
Hotel	404	25,633	412	25,889	439	26,002
Resort	166	5,077	167	5,107	196	6,202
Guest house	186	4,098	187	4,122	180	3,997
Bungalow	3	36	3	36	3	36
Service Apartment	21	1,249	21	1,249	21	1,249
Mansion	19	968	19	968	19	968
Homestay	15	172	15	172	20	209
Others	29	526	31	553	34	563
Total	843	37,759	855	38,096	912	39,226
Growth	0.96%	1.92%	1.42%	0.89%	6.67%	2.97%

Source: TAT Intelligence Center, Tourism Authority of Thailand



### Occupancy Rate, Total Visitors and Revenue from visitors in Chiang Mai

Chiang Mai	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b><u>Occupancy Rate</u></b>													
2019	91.04	85.51	65.78	69.87	68.34	69.02	68.55	64.00	61.77	72.61	83.95	92.87	74.44
2018	90.76	84.57	80.90	78.14	67.53	67.85	68.29	67.02	63.24	69.08	83.12	91.71	76.02
<b><u>Total Visitors (Million)</u></b>													
2019	1.11	0.97	0.83	0.75	0.71	0.69	0.68	0.63	0.60	1.09	1.21	1.52	10.82
2018	1.08	0.95	0.96	0.81	0.70	0.66	0.68	0.66	0.61	1.03	1.19	1.48	10.86
<b><u>Thai Visitors (Million)</u></b>													
2019	0.79	0.67	0.57	0.50	0.48	0.46	0.41	0.38	0.34	0.81	0.87	1.16	7.45
2018	0.78	0.65	0.66	0.57	0.48	0.44	0.42	0.42	0.37	0.79	0.89	1.13	7.59
<b><u>International Visitors (Million)</u></b>													
2019	0.32	0.30	0.26	0.25	0.23	0.23	0.27	0.25	0.26	0.28	0.34	0.37	3.37
2018	0.31	0.30	0.29	0.24	0.22	0.22	0.26	0.24	0.24	0.24	0.31	0.35	3.25
<b><u>Revenue from visitors (Baht Million)</u></b>													
2019	11,846	10,377	8,851	7,456	7,133	7,004	7,595	7,133	6,772	10,038	11,123	13,731	109,057
2018	11,234	10,218	9,880	7,861	6,826	6,570	7,393	7,206	6,694	9,441	11,078	13,611	108,013
<b><u>Revenue from Thai visitors (Baht Million)</u></b>													
2019	7,425	6,260	5,346	4,432	4,350	4,138	3,740	3,596	3,157	6,768	7,267	9,487	65,966
2018	7,040	5,995	6,058	4,955	4,202	3,842	3,755	3,864	3,428	6,517	7,314	9,393	66,363
<b><u>Revenue from International visitors (Baht Million)</u></b>													
2019	4,421	4,117	3,505	3,024	2,783	2,866	3,855	3,537	3,615	3,270	3,856	4,245	43,091
2018	4,193	4,223	3,822	2,906	2,624	2,728	3,628	3,342	3,267	2,924	3,764	4,218	41,650

Source: Tourism Authority of Thailand



## Tourism Overview in Phuket

### The number of tourists visiting Phuket

According to the statistic report from Ministry of Tourism and Sports, showed the total number of visitors in Phuket amount of 14.55 million people, increased by 0.14 million people or 0.94% from the previous year. Regarding to the number of tourists that have increased, Thai tourists have decreased by 0.15 million people or 3.67% from the previous year and Foreign tourists have increased by 0.29 million people or 2.75% from the previous year.

In term of revenue, Phuket earned revenue from visitors amounting to Baht 471,606 million, grew up by Baht 22,505 million or 5.01% from the previous year, contributing from Thai visitors amount of Baht 52,355 million and foreign visitors amount of Baht 419,251 million.

The average occupancy rate of 2019 in Phuket is 76.22% which increased by 0.26% from the previous year.

### Hotel supply in Phuket

The number of accommodations and rooms have grown up slightly with 1.04% and 3.53% respectively. With the increase in hotel accommodations and rooms accounted for 3.11% and 6.06% respectively.

### Phuket tourism in 2019 and Trend in 2020

The tourism overview in Phuket for the first half of the year 2019, there was a slowdown in both occupancy and room rates due to many factors such as the impact of boat accident on 5 July 2018, followed by the global economic slowdown, Baht appreciation, and trade war between US and China. However, during the second half of the year 2019, the tourism situation has improved due to the government's campaign that exempt the visa fee (VOA) and the recovery of the tourism image towards Chinese people. Therefore, the trend in 2020 is expected that overall tourism will expand slightly, despite of the growth in decreasing pace from last year. Though the trends of the second half of 2019 has been picked up and respond positively. Most local entrepreneurs are quite confident with the tourism business in Phuket due to the strength of its beautiful sightseeing and views, so it is believe to attract new visitors easily.

## Hotel Supply in Phuket during 2017 – 2019

Phuket	2017		2018		2019	
	No. of Supply	No. of Rooms	No. of Supply	No. of Rooms	No. of Supply	No. of Rooms
Hotel	789	49,054	771	48,182	795	51,103
Resort	521	35,060	514	35,262	521	35,878
Guest House	428	7,686	420	7,585	411	7,496
Bungalow	104	2,157	102	2,073	102	2,073
Service Apartment	13	400	13	400	13	400
Mansion	97	2,490	94	2,428	92	2,378
Homestay	5	26	5	26	5	26
Others	10	153	11	187	11	187
Total	1,967	97,026	1,930	96,143	1,950	99,541
Growth	14.23%	17.57%	-1.92%	-0.91%	1.04%	3.53%

Source: TAT Intelligence Center, Tourism Authority of Thailand





## Occupancy Rate, Total Visitors and Revenue from visitors in Phuket

Phuket	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b><u>Occupancy Rate</u></b>													
2019	86.77	88.60	86.03	87.53	68.65	78.73	66.17	62.13	61.47	69.73	76.12	82.68	76.22
2018	84.84	86.34	86.70	88.05	69.52	79.89	64.57	64.97	60.78	65.44	77.94	82.47	75.96
<b><u>Total Visitors (Million)</u></b>													
2019	1.69	1.59	1.56	1.30	0.92	1.19	0.80	0.79	0.81	1.18	1.11	1.58	14.55
2018	1.64	1.56	1.55	1.30	0.94	1.22	0.79	0.81	0.80	1.11	1.12	1.57	14.41
<b><u>Thai visitors (Million)</u></b>													
2019	0.35	0.50	0.48	0.35	0.09	0.31	0.21	0.30	0.23	0.31	0.26	0.49	3.91
2018	0.34	0.49	0.47	0.36	0.09	0.30	0.22	0.33	0.27	0.34	0.33	0.52	4.06
<b><u>International visitors (Million)</u></b>													
2019	1.34	1.09	1.08	0.95	0.83	0.88	0.59	0.49	0.58	0.87	0.85	1.09	10.64
2018	1.30	1.07	1.08	0.94	0.85	0.92	0.57	0.48	0.53	0.77	0.79	1.05	10.35
<b><u>Revenue from total visitors (Baht Million)</u></b>													
2019	63,267	54,142	52,337	38,276	29,040	35,492	20,942	19,689	20,426	42,428	40,367	55,199	471,606
2018	57,053	49,948	49,954	35,972	29,469	34,405	19,879	18,839	19,936	39,570	40,269	54,347	449,100
<b><u>Revenue from Thai visitors (Baht Million)</u></b>													
2019	4,940	6,967	6,648	4,369	1,108	3,717	3,020	4,357	3,375	4,055	3,580	6,217	52,355
2018	4,493	6,469	6,201	4,211	1,069	3,543	3,089	4,496	3,678	4,219	4,014	6,369	51,851
<b><u>Revenue from International visitors (Baht Million)</u></b>													
2019	58,327	47,175	45,689	33,907	27,932	31,775	17,922	15,332	17,051	38,373	36,787	48,982	419,251
2018	52,560	43,479	43,753	31,761	28,400	30,862	16,790	14,343	15,718	35,351	36,255	47,978	397,250

Source: Tourism Authority of Thailand



## Tourism Overview in Prachuap Khiri Khan

### The number of tourists visiting Prachuap Khiri Khan

According to the statistic report from Ministry of Tourism and Sports, showed the total number of visitors amount of 7.17 million people, decreased by 0.02% from the previous year. Regarding to the number of tourists that have decreased, Thai tourists decreased by 0.13 million people or 0.23 % and foreign tourists increased by 0.12 million people or 1% from the previous year.

In term of revenue, Prachuap Khiri Khan earned revenue from visitors amounting to Baht 43,717 million, increased by Baht 1,271 million or 3.01% from the previous year. Contributing from Thai tourists amounting to Baht 29,099 million and foreign tourists amounting to Baht 14,319 million.

The average occupancy rate of 2019 in Prachuap Khiri Khan decreased by 0.3% from the previous year to the rate of 66.36%.

### Hotel supply in Prachuap Khiri Khan

Prachuap Khiri Khan has 671 accommodations and 21,298 rooms which grew up from the previous year by 19.82% and 23.73% respectively. Moreover, hotel has the highest number of accommodations and rooms which are 242 accommodations and 12,489 rooms, accounted for 36.07% and 58.64% respectively. While, Resort and Guesthouse were rank second and third respectively.

### Prachuap Khiri Khan Tourism in 2019 and the trend of 2020

The tourism trend in Prachuap Khiri Khan is slightly growing up from the previous year. The main proportion of tourists are Thais which are over 80% and the rest are foreigners. In 2019, Tourism Authority of Thailand, Office of Prachuap Khiri Khan, cooperated with alliances to organize activities to promote sport tourism such as Golf, Cycling, and Water Sports. Also, creating brochures for promoting 8 places for check-in, eat, and visit in Prachuap Khiri Khan. As well as promotion of weekday travelling in the area to increase the night stayover in weekdays.

For the year 2020, Tourism Authority of Thailand, Office of Prachuap Khiri Khan, plans to promote tourism in Prachuap Khiri Khan in weekday as well as cooperate with partners to organize the activities to promote sport tourism such as Yoga, Running, Cycling, and Golf. Also, continuing from 2019, bringing media fam-trip to promote tourist attractions in the secondary cities.



### Hotel Supply in Prachuap Khiri Khan during 2017 – 2019

#### Prachuap Khiri Khan

	2017		2018		2019	
	No. of Supply	No. of Rooms	No. of Supply	No. of Rooms	No. of Supply	No. of Rooms
Hotel	193	9,392	195	9,564	242	12,489
Resort	186	4,937	191	5,020	233	5,924
Guest House	87	989	87	989	107	1,242
Bungalow	60	969	60	969	63	991
Service Apartment	3	110	3	110	3	110
Mansion	5	234	5	234	5	234
Homestay	4	18	4	18	4	18
Others	12	253	12	263	14	290
Total	550	16,902	558	17,167	671	21,298
Growth	1.85%	4.28%	1.45%	1.57%	19.82%	23.73%

Source : TAT Intelligence Center, Tourism Authority of Thailand



### Occupancy Rate, Total Visitors and Revenue from visitors in Prachuap Khiri Khan

Prachuap Khiri Khan	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b><u>Occupancy Rate</u></b>													
2019	77.77	76.36	79.53	74.65	65.68	59.77	57.39	56.45	49.69	63.64	66.12	69.21	66.36
2018	77.16	74.49	77.55	71.79	65.12	58.30	58.69	60.79	52.02	64.88	67.27	71.79	66.65
<b><u>Total Visitors (Million)</u></b>													
2019	0.63	0.56	0.57	0.56	0.53	0.49	0.55	0.58	0.49	0.72	0.71	0.78	7.17
2018	0.61	0.54	0.56	0.54	0.51	0.47	0.56	0.61	0.50	0.71	0.73	0.82	7.17
<b><u>Thai Visitors (Million)</u></b>													
2019	0.50	0.44	0.48	0.48	0.46	0.42	0.46	0.49	0.41	0.58	0.57	0.65	5.92
2018	0.48	0.42	0.47	0.46	0.44	0.40	0.47	0.51	0.42	0.57	0.59	0.68	5.94
<b><u>International Visitors (Million)</u></b>													
2019	0.13	0.12	0.09	0.08	0.07	0.07	0.09	0.09	0.08	0.14	0.14	0.13	1.24
2018	0.13	0.12	0.09	0.08	0.07	0.07	0.09	0.10	0.08	0.14	0.14	0.13	1.23
<b><u>Revenue from Total visitors (Baht Million)</u></b>													
2019	3,888	3,475	3,438	3,220	2,939	2,746	3,149	3,218	2,766	4,936	4,657	4,985	43,417
2018	3,578	3,197	3,144	3,029	2,806	2,654	3,108	3,288	2,720	4,655	4,748	5,219	42,147
<b><u>Revenue from Thai visitors (Baht Million)</u></b>													
2019	2,589	2,284	2,516	2,159	2,031	1,851	1,823	1,952	1,627	3,434	3,209	3,623	29,098
2018	2,372	2,083	2,295	2,037	1,935	1,757	1,803	1,978	1,623	3,233	3,344	3,842	28,302
<b><u>Revenue from International visitors (Baht Million)</u></b>													
2019	1,299	1,191	922	1,061	908	895	1,326	1,266	1,139	1,502	1,448	1,362	14,319
2018	1,206	1,114	849	992	871	897	1,305	1,310	1,097	1,422	1,403	1,377	13,844

Source: Tourism Authority of Thailand



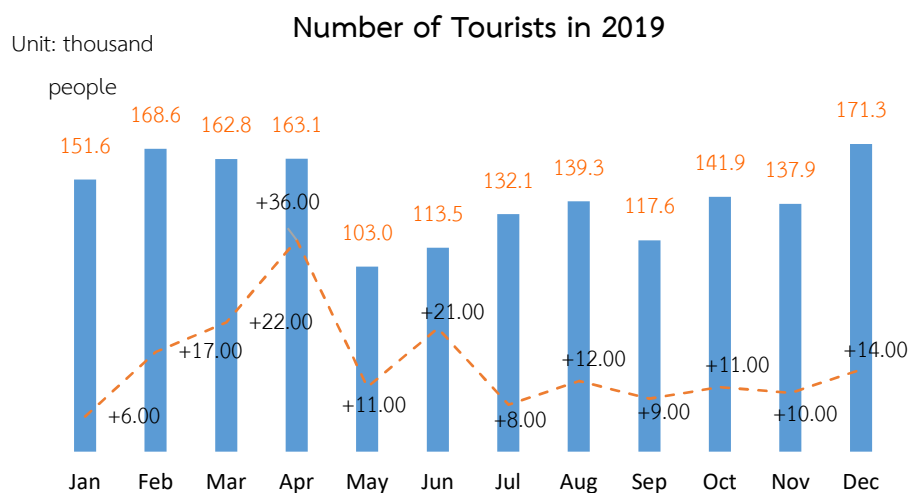
## Tourism Overview in the Republic of Maldives

In 2019, tourism in the Republic of Maldives continued to grow favorably as the number of tourists was 1.71 million people, increased by 14.72% from the previous year. Tourists enjoys travelling during the months of October to April of each year.

Most of the tourists are European accounted for 0.83 million people or 49% of all tourists, which grew up by 14.8% from the previous year. While, tourists from Asia and Pacific came in second place, representing 0.7 million people or 41.4% of all tourists, grew up by 13.5% from the previous year.

For tourists from United States, the tourists are most growing in term of the number of tourists which increased by 23.3% from the previous year. Moreover, the tourists from United States accounted for 5% of all tourists. Whereas, the tourists from Middle East and Africa has the proportion of 3.5% and 1.1% respectively.

However, when comparing in term of ethnicities, Chinese tourists are the top markets among other tourists that visiting the Republic of Maldives which accounted for 16.4%. While, Indian tourists ranks secondly, accounted for 9.7% of all tourists. Followed by, Italian tourists which accounted for 8% of all tourists.





## Income Guarantee

- None -



## 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

- (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

- (a) Unrealized 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.
  - (b) 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

No.	Fee and Expenses	Celling % of NAV	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	<p>In case of related persons of the cost of the main assets of the REIT Manager</p> <p>Not over 0.75% of value of the acquired assets</p> <p>Other cases</p> <p>Not over 1.00% of value of the acquired assets</p> <p>Disposal Fee</p> <p>Not over 0.50% of value of the assets sold</p>	-
3.	Trustee Fee	Not over 2.00% per year of Net Asset Value of DREIT or not less than Baht 5,000,000 per year	Monthly
4.	Registrar Fee	As specified by the register of the trust unitholders	Monthly
5.	<p>Advisory Fee</p> <p>For any purchase, distribute or transfer of the main assets</p> <p>i.e. legal fee, lawyer fee, project management fee, engineering fee, and/or quality control audit fee.</p>	Actual amount	-



No.	Fee and Expenses	Celling % of NAV	Collection Period
6.	Financial Advisory Fee	In case of Initial Public Offering: Not over 0.50% of the amount of fund raised or the value of trust unit converted  In case of Capital Increases - Not over 3.00% of the amount of fund raised.  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	Monthly
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 such as Filing fee, Registration fee for Trust Unit Offering, Documentation fee, translation fee, and legal advisory fee related with trust establishment	Actual amount	-



No.	Fee and Expenses	Celling % of NAV	Collection Period
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
14.	Fee and expenses on auditing and internal audit of the Trust	Actual amount	Quarterly
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	Yearly
23.	Tax and Fees related with government offices such as Property Tax, Local Development Tax, Signboard Tax	Actual amount	-
24.	Expenses on incremental construction for project completion	Actual amount	-



No.	Fee and Expenses	Celling % of NAV	Collection Period
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	Yearly
29.	Expenses on preparation, printing distribution of announcement and reports, including announcements in daily newspaper such as announcement of net asset value, revised project development news, closing date of the registrar for benefit distribution	Actual amount	-
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	-



No.	Fee and Expenses	Celling % of NAV	Collection Period
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 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 performance 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.	Actual amount	-
35.	Mortgage fee, Registration fee, Discharge of mortgage fee, Registration fee with department of land, transaction fee, and expenses on agreement amendment	Actual amount	-



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



หลักทรัพย์จัดการกองทุนของไทย  
KRUNGTHAI ASSET MANAGEMENT

#### 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 Dusit Thani Freehold and Leasehold Real Estate Investment Trust, has supervised and monitored the management of the Trust managed by Dusit Thani Properties REIT Company Limited for the accounting period from 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019.

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

16 March 2020

Property Fund, Infrastructure and REIT Dept.

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

1 อาคารเอ็มไพร์ทาวเวอร์ ชั้น 32 ถนนสาทรใต้ แขวงยานนาวา เขตสาทร กรุงเทพฯ 10120 โทร. 0-2686-6100 โทรสาร 0-2670-0430  
1 Empire Tower, 32<sup>nd</sup> Fl., South Sathorn Rd., Yannawa, Sathorn, Bangkok, 10120, Thailand Tel. +66 2686 6100 Fax. +66 2670 0430

เลขประจำตัวผู้เสียภาษี 0107545000373 website : www.ktam.co.th

บลจ.กท.012-1/2556



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

Dusit Thai Properties Co., Ltd. (DTPP)	Type of Related Transactions	<ul style="list-style-type: none"><li>• DREIT obtained the transfer of leasehold rights of Dusit Thani Hua Hin Hotel from DTCPP and DTPP.</li><li>• DREIT has assigned Dusit Thani REIT Co., Ltd. (DREIT hold 99.99% shares) to indirectly invested in Dusit Thani Maldives Hotel by acquired 100% shares of Dusit Maldives Investment Pvt., Ltd. from Dusit Thai Properties Co., Ltd. on 25 September 2019</li></ul>
	Rational of the Related Transaction	<ul style="list-style-type: none"><li>• Dusit Thani Hua Hin is one of core assets which will be subleased to Dusit Management Co., Ltd. for benefit generation from rental income.</li><li>• The investment in Dusit Thani Maldives Hotel is considered an investment to support the revenue growth of DREIT and diversify risk of the trust to foreign countries. However, due to legal restrictions of the trust both in Thailand and the Republic of Maldives. Hence, DREIT invested in Dusit Thani Maldives through the share acquisition of Dusit Thai Properties Plc. and MBK Hotels &amp; Resorts Co., Ltd.</li></ul>
Opinion of the REIT Manager on Price and Condition		<ul style="list-style-type: none"><li>• The transfer of leasehold rights of Dusit Thani Hua Hin Hotel is one of process of DTCPP conversion which in accordance with Entitlement Agreement, Transfer of Rights and Duties</li></ul>



<p>Agreement as normal conversion process. Furthermore, DREIT will not pay additional payment to DTPP.</p> <ul style="list-style-type: none"> <li>The share acquisition in Dusit Maldives Investment Pvt., Ltd. from Dusit Thai Properties Plc. is a reasonable value as DREIT purchased the shares at par value and such investment is in accordance with the law.</li> </ul>	
Dusit Management Co., Ltd. (DMCO)	<p>Type of Related Transactions</p> <ul style="list-style-type: none"> <li>DMCO is the Lessee or Sublessee of the assets of DREIT and also the major shareholder of Dusit Maldives Management Pvt., Ltd., the sublessee of Dusit Thani Maldives Hotels</li> </ul> <p>Rational of the Related Transaction</p> <ul style="list-style-type: none"> <li>Leasing out or subleasing out the main assets of DREIT to Dusit Management Co., Ltd. and Dusit Maldives Management Pvt., Ltd. is reasonable as both companies are the subsidiaries of Dusit Thani Plc., which has well-rounded experience and expertise in hotel management. The Trust will obtain benefit in a form of rental from leasing out or subleasing out the main assets.</li> <li>In accordance with the Notifications of offering the Trust units to investors for real estate investment for the benefits of core assets by leasing and/or subleasing wholly to lessee and the Trust shall obtain such benefits in a form of rental income</li> </ul> <p>Opinion of the REIT Manager on Price and Condition</p> <ul style="list-style-type: none"> <li>Rental fee 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 be in accordance 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</li> </ul>



Dusit Thani Properties REIT Co., Ltd. (DTPR)	Type of Related Transactions	<ul style="list-style-type: none"><li>the REIT Manager</li></ul>
	Rational of the Related Transaction	<ul style="list-style-type: none"><li>Directors and Executives of the REIT manager are the experienced experts in investment and asset management and being knowledgeable in core assets of Trust</li><li>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 70 years as well as familiar with core assets which highly supportive to operation of the REIT manager.</li></ul>
	Opinion of the REIT Manager on Price and Condition	<ul style="list-style-type: none"><li>The REIT management fee are at rate not exceeding 2.00% per year of Net Asset Value (NAV), but not less than Baht 2,000,000 per year. In 2018 and 2019, the REIT management fee is not exceeding 0.15% per year of NAV.</li><li>REIT management fee comply with normal Trust business, which compare favorably with other REIT managers and fund manager of DTCPPF (before conversion)</li><li>The REIT manager request acquisition and disposal fee of assets as follows:<ul style="list-style-type: none"><li>The acquisition fee of asset:<ul style="list-style-type: none"><li>The asset of persons related with the Trust: not exceeding 0.75% of DREIT's acquired asset value.</li><li>Other assets: not exceeding 1.00% of DREIT's acquired asset value.</li></ul></li><li>The disposal fee of asset: not exceeding 0.50% of DREIT's disposed asset value.</li></ul></li></ul>



- 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 Maldives Management Pvt., Ltd., subsidiary of DREIT has entered into Lease Agreement of land and building of Dusit Thani Maldives Hotel with Dusit Maldives Management Pvt., Ltd. on 25 September 2019 for rental period of approximately 21 years.

- Rational of the Related Transaction
- Dusit Maldives Management Pvt., Ltd. is a subsidiary of Dusit Thani Group which has well-rounded experienced and expert in hotel business as well as familiar with core assets.
  - Dusit Maldives Investment Pvt., Ltd. and DREIT will receive rental and benefit from the sublease of Dusit Thani Maldives Hotel. In accordance with the announcement of issuance and offering for sale of Real Estate Investment Trust that requires the procurement of benefits from hotel property by lease out to the lessee. The Trust and/or the subsidiary company of the Trust will receive benefit in the form of rental.



Opinion of the REIT Manager on Price and Condition	<ul style="list-style-type: none"><li>● To lease out the asset under the Trust to Dusit Maldives Management Pvt., Ltd. is reasonable as DMM is one of the Dusit Thani Group which has expertise in hotel management over 70 years.</li><li>● 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 be in accordance 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</li></ul>
Dusit Thani Public Co., Ltd. (DTC)	<ul style="list-style-type: none"><li>● 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"><li>- Performing in accordance with properties lease and/or sublease agreement</li><li>- Shareholding and maintaining of shareholding proportion in DMCO</li><li>- Maintaining of unit holding in DTCPF</li><li>- Operating business with competitiveness</li><li>- Rights of first refusal for investment</li></ul></li><li>● DREIT and DTC have agreed to make the additional clause under the Undertaking Agreement dated 25 September 2019 with significant points covered as following:<ul style="list-style-type: none"><li>- Shareholding, Maintaining of Shareholding Proportion and Debt to Equity Ratio in DMCO and/or subsidiaries of DMCO</li></ul></li></ul>

	<ul style="list-style-type: none"> <li>- Undertakings relating to Licenses and Performance in the Hotel Operation of Dusit Thani Maldives Hotel</li> <li>- Assignment of Contractual Obligations of DMCO and/or subsidiaries of DMCO</li> <li>- Financial Supports to DMCO and/or subsidiaries of DMCO</li> <li>- Future investment and the First Rights of Refusal in investing in other assets</li> </ul>
Rational of the Related Transaction	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
Opinion of the REIT Manager on Price and Condition	<ul style="list-style-type: none"> <li>• 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.</li> </ul>





# Performance Analysis

 DREIT

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# Performance Analysis

## 1.1 Overview of the REIT Operating Results

For the performance 2019 of DREIT, the Trust has the total income of Baht 288.78 Million, consisting of the rental income at amount of Baht 286.06 Million and interest income and other income at the amount of Baht 2.72 Million. For the rental income is derived from the performance of each hotel as follows:

**Dusit Thani Laguna Phuket Hotel** The occupancy rate in 2019 is 79.43% which increased 10.47% from the previous year. Whereas, the average room rate of the hotel is approximately 4,255.01 Baht per room night which decreased 618.85 Baht from the previous year leading to Revenue per Available Room (REVPAR) to be 3,379.87 Baht compared to 3,361.17 Baht in 2018. The robust global economy fluctuation greatly impacted to both primary markets and secondary markets, and directly hit to European tourist market. While tourist markets from Asia and Australia showed a dull movement due to the unsolved US-China trade war.

**Dusit Thani Hua Hin Hotel** The occupancy rate in 2019 is 49.32% which increased 18.39% from the previous year. While the average room rate is around 3,270.63 Baht per room night which increased 255.37 Baht from the previous year, affecting REVPAR of the hotel to be 1,613.06 Baht compared to 2,041.74 Baht in 2018. Key factors for such decline due to the major renovation of 200 guest rooms which started in May to late November 2019. However Hua Hin market is all-time popular among Thai tourists and foreigners, resulting in the gradual increasing in Average Room Rate from the efficiently revenue management from the limited room supply on hands

**Dusit D2 Chiang Mai Hotel** The occupancy rate in 2019 is 77.23% which decreased from 3.54% from the previous year. Whereas, the average room rate is about 2,378.63 Baht per room night which decreased 242.04 Baht from the previous year, affecting REVPAR of the hotel to be 1,837.04 Baht compared to 2,113.78 Baht in 2018. The factors affecting to the decreased result because the continual downward number of Chinese tourists since late 2018, together with the new emerging rival like Vietnam and the bad air pollution in the beginning of the year.

**Dusit Thani Maldives Hotel** The occupancy rate in 2019 is 80.83% which decreased from 3.60% from the previous year. Whereas, the average room rate is about 536.50 USD per room night which decreased 10.14 USD



from the previous year, affecting REVPAR of the hotel to be 433.68 USD compared to 444.40 USD as same as in 2019. The minimal changes derived from slowdown market of German, Russian and Chinese.

DREIT has total expenses of Baht 79.67 Million or 27.59% of the total revenue. The total expenses comprise of management fee, trustee fee, professional fee of auditing and asset appraising, registrar fee, and expenses related to organizing trust unitholders' meetings and processing fee for benefits distribution with the amount of Baht 20.19 Million; operating lease liabilities of Baht 8.07 Million; finance cost of Baht 32.31 Million, and other expense of Baht 19.10 Million.

Hence, comparing between the performance 2019 and 2018, the Trust has net investment income of Baht 209.12 Million from the operation period 2019 and Baht 185.61 Million from the operation period 2018, or 12.67% growth as a result of the first additional investment in Dusit Thani Maldives on 25 September 2019.

When combining with the net loss on investment of Baht 87.17 Million, the Trust has the increase in net asset from operation of Baht 121.95 Million, decreasing 32.33% from previous year, mainly from the unrealized loss from investment in freehold and leasehold properties of Baht 71.79 Million and the negative changes in foreign exchange rate of Baht 14.28 Million.

## 1.2 Financial Position of the REIT

### Assets

As of 31 December 2019, DREIT has total assets value of Baht 6,976.96 Million which increased 59.22% from the year 2018. The investment in properties accounted for Baht 6,780.67 Million, increased by 56.24% from the previous year as a result of as a result of the first additional investment in Dusit Thani Maldives and the renovation of Dusit Thani Hua Hin as well as the purchase of operating asset for all 4 hotels. Cash and cash equivalents have total amount of Baht 52.06 Million, increased 46.69% from the previous year.

### Liabilities

As of 31 December 2019, DREIT has total liabilities of Baht 1,575.73 Million or 22.58% of total assets value, increased Baht 921.86 Million. The major parts are long-term loan with the amount of Baht 1,488.21 Million. The main purposes of this long-term loan are (1) for purchasing the leasehold right on land and the freehold right on assets of Dusit Thani Maldives Hotel (2) for maintenance and improvement of Dusit Thani Hua Hin Hotel. Also, other payables are Baht 73.27 Million which increased 42.13% from the previous year due to increased in other payables of hotel renovation.



### Net Total Assets

As of 31 December 2019, DREIT has net assets Baht 5,401.23 Million which comprise of Capital received from trust unitholders with the amount of 5,407.74 Million, increased Baht 1,751.69 Million from previous year from new capital increase of 302.10 Million Units.

The Trust has accumulative retain earning of 2018 of Baht 72.15 Million and the increase in net assets from operations for the year 2019 with the amount of Baht 121.95 Million and dividend payment in 2019 amount of Baht 173.18 Million resulting in the remaining retain earnings of Baht 20.92 Million and Net Asset Value as of 31 December 2019 is 7.5913 Baht per unit.

### 1.3 Cash Flow Analysis

As of 31 December 2019, the REIT had Baht 52.06 million in cash on hand and at banks, derived mainly from:

1. The REIT had net cash flows from operating activities of Baht 2,418.25 million which resulted from the increase in net assets from operations of Baht 121.95 million and the increase of Baht 2,560.84 million in net cash purchases and received of investments in securities and other payables from hotel renovation increase of Baht 48.46 Million.
2. The REIT had net cash flows used in financing activities of Baht 2,435.31 million contributed from Capital Increase of unitholders of Baht 1,782.39 Million and Long-term loan receivable of Baht 1,673.20 Million and Baht 173.18 million for distribution to trust holders.

Cash Flow (Million Baht)	31 December 2019	31 December 2018
Net Cash Flows from Operating Activities	(2,418.25)	6.56
Net Cash Flows Used in Financing Activities	2,435.31	(135.84)
Net Increase in Cash on Hand and at Banks	17.06	(129.28)
Effect on Exchange Rate	(0.48)	-
Cash on Hand and at Banks at the beginning of the Year	35.49	164.76
Cash on Hand and at Banks at the End of the Year	52.06	35.48



### 1.3 The REIT's Return

The REIT made a distribution payment of Baht 0.4980 per unit trust to its unitholders in 2019.

The REIT distribution rate for the fiscal year 2019 was at 8.44% of par value, and 7.78% of the market value of the unit trust as at 30 December 2019 (6.40 Baht per unit).

Historical Record of the Distribution Payments for the Fiscal Year 2019

Operating Period	Distribution Payment (per unit)	Payment Date	Type
1 July - 31 December 2018	0.1714	12 March 2019	Cash
1 January – 30 June 2019	0.3266	23 August 2019	Cash



**Dusit Thani Freehold and Leasehold  
Real Estate Investment Trust  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2019  
and  
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.  
50<sup>th</sup> Floor, Empire Tower  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000  
Fax +66 2677 2222  
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด  
ชั้น 50 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000  
แฟกซ์ +66 2677 2222  
เว็บไซต์ home.kpmg/th

## Independent Auditor's Report

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

#### *Opinion*

I have audited the consolidated and separate financial statements of Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries (the "Group") and of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (the "Trust"), respectively, which comprise the consolidated and separate balance sheet and details of investments as at 31 December 2019; the consolidated and separate statements of income and comprehensive income, changes in net assets, cash flows and the significant financial information for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Trust, respectively, as at 31 December 2019, and their financial performance and cash flows for the year then ended 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 Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and 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 consolidated and separate 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate 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 5 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Investments in freehold and leasehold properties are measured at fair value and are material to the Group's and the Trust's consolidated and separate financial statements. The fair value of investments in freehold and leasehold properties is determined by income approach using discounted future cash flows based on future operating results of each hotel property. The Group and the Trust engaged independent external valuers to assist in valuing the fair value of these investments.</p> <p>Identification and assessment of the fair value require significant judgement in determining the key assumptions. This is an area that my audit is particularly concentrated on.</p>	<p>My audit procedures included</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the basis upon which the Group and the Trust identified and assessed the fair value of each asset.</li> <li>• Evaluating the independence, qualifications and competence of valuers of the Group and the Trust.</li> <li>• Using the work of external expert engaged by KPMG in considering the reasonableness of measurement basis and key assumptions used for estimating fair value of assets.</li> <li>• Evaluating the appropriateness of the key assumptions used in the valuation by comparing them against historical data, testing calculation and sampling check the relevant documents.</li> <li>• Considering the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul>

#### *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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to management and request that the correction be made.

#### *Responsibilities of Management for the Consolidated and Separate Financial Statements*

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 the Group and the Trust or to cease operations, or has no realistic alternative but to do so.



### *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 consolidated and separate 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.

(Vipavan Pattavanvivek)  
Certified Public Accountant  
Registration No. 4795

KPMG Phoomchai Audit Ltd.  
Bangkok  
24 February 2020


**Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**
**Balance sheet**

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
Investments in freehold and leasehold properties at fair value (consolidated financial statements: at cost of Baht 6,898 million as at 31 December 2019 and Baht 4,344 million as at 31 December 2018) (separate financial statements: at cost of Baht 4,529 million as at 31 December 2019 and Baht 4,344 million as at 31 December 2018)	5	6,780,672,787	4,339,997,208	4,453,318,640	4,339,997,208
Investments in securities at fair value (consolidated and separate financial statements: at cost of Baht 21 million as at 31 December 2019)		21,662,664	10	21,662,664	10
Investments in subsidiary at fair value (separate financial statements: at cost of Baht 5 million as at 31 December 2019)	6	-	-	4,900,000	-
Loans to subsidiary	4	-	-	2,328,840,546	-
Cash at banks	4, 7	52,064,097	35,486,523	37,732,601	35,486,523
Rental and other receivables	4	48,460,058	-	6,916,041	-
Prepaid expenses		10,437,178	1,475,458	2,198,105	1,475,458
Other assets	4	63,659,537	5,110,017	63,659,537	5,110,017
Total assets		6,976,956,321	4,382,069,216	6,919,228,134	4,382,069,216
Liabilities					
Other accounts payable	4	73,273,446	51,553,126	66,819,883	51,553,126
Accrued expenses	4	5,922,924	3,086,932	4,347,907	3,086,932
Income tax payable		7,489,785	-	-	-
Withholding tax payable		834,446	133,590	830,425	133,590
Long-term loans	8	1,488,210,000	599,095,123	1,488,210,000	599,095,123
Total liabilities		1,575,730,601	653,868,771	1,560,208,215	653,868,771
Net assets		5,401,225,720	3,728,200,445	5,359,019,919	3,728,200,445
Net assets					
Capital received from unitholders	10	5,407,735,620	3,656,050,621	5,407,735,620	3,656,050,621
Retained earnings	10	20,921,460	72,149,824	(48,715,701)	72,149,824
Other components of unitholder's equity		(27,431,360)	-	-	-
Net asset value		5,401,225,720	3,728,200,445	5,359,019,919	3,728,200,445
Net asset value per unit (in Baht)		7.5913	9.1065	7.5320	9.1065
Units outstanding at the end of the year (in units)		711,500,000	409,400,000	711,500,000	409,400,000

Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

Details of investments

Type of investments	Consolidated financial statements				Separate financial statements			
	31 December 2019		31 December 2018		31 December 2019		31 December 2018	
	Cost	Fair value (in Baht)	% of Fair value	Cost	Fair value (in Baht)	% of Fair value	Cost	% of Fair value
<b>Investments in freehold and leasehold properties (note 5)</b>								
1. Dusit Thani Laguna Phuket Hotel Project								
Location Tambon Chermg Talay, Talang, Phuket								
- Ownership of land, buildings and equipment	3,058,196,939	2,954,421,628	43.43	3,028,621,720	3,030,057,486	69.82	3,058,196,939	65.95
2. DusitD2 Chiangmai Hotel Project								
Location Tambon Changklan, Muang, Chiangmai								
- Ownership of land, buildings and equipment	409,742,154	409,957,597	6.03	405,124,306	398,896,705	9.19	405,124,306	9.15
3. Dusit Thani Hua Hin Hotel Project								
Location Petchkasem Road, Cha-am, Petchaburi								
- Leasehold right of land, leasehold right of buildings and structures								
- Ownership of furniture, fixtures, equipment and improvement	1,061,148,431	1,088,939,415	16.01	910,226,261	911,043,017	20.99	1,061,148,431	24.31
4. Dusit Thani Maldives Hotel Project								
Location Mudhoo Island, Baa Atoll, Republic of Maldives								
- Leasehold right of land, ownership of buildings, structures and equipment	2,368,587,506	2,327,354,147	34.21	-	-	-	-	-
<b>Total investments in freehold and leasehold properties</b>	<b>6,897,675,050</b>	<b>6,780,672,787</b>	<b>99.68</b>	<b>4,343,972,287</b>	<b>4,339,997,208</b>	<b>100.00</b>	<b>4,343,972,287</b>	<b>99.41</b>
<b>Investments in securities</b>								
<b>Investment in unit trust</b>								
TMB Thanapuls Fund	10,000,000	10,017,737	0.15	-	-	-	-	-
Patra Money Positive Fund	378,935	380,026	0.01	-	-	-	-	-
Krungthai Medium Term Fixed Income Fund	10,956,359	11,264,891	0.16	-	-	-	-	-
<b>Investment in common share</b>								
Dusit Management Co., Ltd.	10.00	10.00	-	10	10.00	-	10	-
<b>Total investments in securities</b>	<b>21,335,304</b>	<b>21,662,664</b>	<b>0.32</b>	<b>10</b>	<b>21,662,664</b>	<b>0.48</b>	<b>10</b>	<b>-</b>
<b>Investments in subsidiary (note 6)</b>								
<b>Total investments</b>	<b>6,919,010,354</b>	<b>6,802,335,451</b>	<b>100.00</b>	<b>4,343,972,297</b>	<b>4,339,997,218</b>	<b>100.00</b>	<b>4,343,972,297</b>	<b>100.00</b>

The accompanying notes form an integral part of the financial statements.




**Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**
**Statement of income**

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
<b>Investment income</b>					
Rental income	4	286,061,321	226,337,361	205,000,000	226,337,361
Interest income	4	392,633	855,774	22,333,124	855,774
Other income		2,330,662	37,830	2,330,663	37,830
<b>Total income</b>		<b>288,784,616</b>	<b>227,230,965</b>	<b>229,663,787</b>	<b>227,230,965</b>
<b>Expenses</b>					
Management fee	4	8,198,989	6,706,495	8,198,989	6,706,495
Trustee fee	4	6,285,891	5,948,529	6,285,891	5,948,529
Registrar fee		2,678,978	2,031,868	2,678,978	2,031,868
Professional fee		3,019,309	1,658,754	2,924,640	1,658,754
Lease payment under operating lease		8,066,665	-	-	-
Other expenses		11,580,537	3,736,204	10,663,288	3,736,204
Finance costs		32,310,993	21,539,963	32,310,993	21,539,963
Income tax expense		7,523,861	-	-	-
<b>Total expenses</b>		<b>79,665,223</b>	<b>41,621,813</b>	<b>63,062,779</b>	<b>41,621,813</b>
<b>Net investment income</b>		<b>209,119,393</b>	<b>185,609,152</b>	<b>166,601,008</b>	<b>185,609,152</b>
<b>Net gain (loss) from investments</b>					
Net realised loss from investments in freehold and leasehold properties		(3,415,501)	(1,420,068)	(3,415,501)	(1,420,068)
Net realised gain from sale of investments in securities		2,335,294	-	2,335,294	-
Net unrealised loss from investments in freehold and leasehold properties	5	(71,793,825)	(3,975,079)	(71,793,825)	(3,975,079)
Net unrealised gain from investments in securities		327,360	-	327,360	-
Net realised loss from foreign exchange rate		(348,452)	-	(348,452)	-
The effect of changes in foreign exchange rates		(14,277,342)	-	(41,396,118)	-
<b>Total net gain (loss) from investments</b>		<b>(87,172,466)</b>	<b>(5,395,147)</b>	<b>(114,291,242)</b>	<b>(5,395,147)</b>
<b>Increase in net assets from operations</b>		<b>121,946,927</b>	<b>180,214,005</b>	<b>52,309,766</b>	<b>180,214,005</b>



# Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

## Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2019	2018	2019	2018
	(in Baht)			
<b>Increase in net assets from operations</b>	<b>121,946,927</b>	<b>180,214,005</b>	<b>52,309,766</b>	<b>180,214,005</b>
<b>Other comprehensive income</b>				
Exchange differences	(27,431,360)	-	-	-
<b>Increase in unitholders in net assets from operations and other components of unitholders' equity</b>	<b>94,515,567</b>	<b>180,214,005</b>	<b>52,309,766</b>	<b>180,214,005</b>



# Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

## Statement of changes in net assets

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
<i>Increase in net assets from operations during the year</i>					
Net investment income		209,119,393	185,609,152	166,601,008	185,609,152
Net realised loss from investments in freehold and leasehold properties		(3,415,501)	(1,420,068)	(3,415,501)	(1,420,068)
Net realised gain from sale of investments in securities		2,335,294	-	2,335,294	-
Net unrealised loss from investments in freehold and leasehold properties	5	(71,793,825)	(3,975,079)	(71,793,825)	(3,975,079)
Net unrealised gain from investments in securities		327,360	-	327,360	-
Net realised loss from foreign exchange rate		(348,452)	-	(348,452)	-
The effect of changes in foreign exchange rates		(14,277,342)	-	(41,396,118)	-
<b>Increase in net assets from operations</b>		<b>121,946,927</b>	<b>180,214,005</b>	<b>52,309,766</b>	<b>180,214,005</b>
Distributions to unitholders	11	(173,175,292)	(124,580,420)	(173,175,292)	(124,580,420)
Increase in capital from unitholders	10	1,782,390,000	-	1,782,390,000	-
Capital reduction to unitholders	10	(30,705,000)	-	(30,705,000)	-
Other components of unitholders' equity		(27,431,360)	-	-	-
<b>Increase in net asset value during the year</b>		<b>1,673,025,275</b>	<b>55,633,585</b>	<b>1,630,819,474</b>	<b>55,633,585</b>
Net asset value at the beginning of the year		3,728,200,445	3,672,566,860	3,728,200,445	3,672,566,860
<b>Net asset value at the end of the year</b>		<b>5,401,225,720</b>	<b>3,728,200,445</b>	<b>5,359,019,919</b>	<b>3,728,200,445</b>



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

## Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
<b>Cash flows from operating activities</b>					
Increase in net assets from operations		121,946,927	180,214,005	52,309,766	180,214,005
<b>Adjustments for</b>					
Finance costs		32,310,993	21,539,963	32,310,993	21,539,963
The effect of changes in foreign exchange rates		14,277,342	-	41,396,118	-
Increase in prepaid expenses		(8,961,720)	(335,763)	(722,647)	(335,763)
Purchases of investments in freehold and leasehold properties	5	(2,560,835,877)	(173,186,190)	(192,254,759)	(173,186,190)
Net realised loss from investments in freehold and leasehold properties		3,415,501	1,420,068	3,415,501	1,420,068
Sales of investments in freehold and leasehold properties		3,724,001	567,624	3,724,001	567,624
Net realised gain from sale of investments in securities		(2,335,294)	-	(2,335,294)	-
Net unrealised gain from investments in securities		(327,360)	-	(327,360)	-
Proceed from sales of investments in securities		226,000,000	-	226,000,000	-
Payment for investments in securities		(245,000,000)	-	(245,000,000)	-
Payment for investments in subsidiary		-	-	(4,900,000)	-
Payment for loans to subsidiary	4	-	-	(2,385,600,000)	-
Proceeds from repayment of loans to subsidiary	4	-	-	15,072,990	-
Interest income		-	-	(22,333,124)	-
Interest received		-	-	15,358,977	-
Net realised loss from loan to subsidiary		-	-	290,347	-
Net realised loss from interest income		-	-	58,105	-
Net unrealised loss from investments in freehold and leasehold properties	5	71,793,825	3,975,079	71,793,825	3,975,079
Increase in rental and other receivables		(48,460,058)	-	-	-
(Increase) decrease in other assets		(58,549,520)	506,538	(58,549,520)	506,538
Increase (decrease) in other payables		21,720,320	(29,755,468)	15,266,757	(29,755,468)
Increase (decrease) in withholding tax payable		700,855	(216,106)	696,835	(216,106)
Increase in accrued expenses		10,325,777	1,833,951	1,260,975	1,833,951
Net cash from (used in) operating activities		<u>(2,418,254,288)</u>	<u>6,563,701</u>	<u>(2,433,067,514)</u>	<u>6,563,701</u>
<b>Cash flows from financing activities</b>					
Interest paid		(32,310,993)	(21,464,448)	(32,310,993)	(21,464,448)
Proceeds from long-term loans	8	1,673,189,877	16,130,914	1,673,189,877	16,130,914
Repayment of long-term loans	8	(784,075,000)	(5,925,000)	(784,075,000)	(5,925,000)
Increase in capital from unitholders	10	1,782,390,000	-	1,782,390,000	-
Capital reduction to unitholders	10	(30,705,000)	-	(30,705,000)	-
Distribution to unitholders	11	(173,175,292)	(124,580,420)	(173,175,292)	(124,580,420)
Net cash from (used in) financing activities		<u>2,435,313,592</u>	<u>(135,838,954)</u>	<u>2,435,313,592</u>	<u>(135,838,954)</u>
Net increase (decrease) in cash at banks before effect of exchange rates		17,059,304	(129,275,253)	2,246,078	(129,275,253)
Effect of exchange rate changes on cash at banks		(481,730)	-	-	-
Net increase (decrease) in cash at banks		16,577,574	(129,275,253)	2,246,078	(129,275,253)
Cash at banks at the beginning of the year		35,486,523	164,761,776	35,486,523	164,761,776
Cash at banks at the end of the year		52,064,097	35,486,523	37,732,601	35,486,523

The accompanying notes form an integral part of the financial statements.

**Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries****Significant financial information**

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2019	2018	2019	2018
	(in Baht)			
<b>Information on operating results (per unit)</b>				
Net asset value at the beginning of the year	9.1065	8.9706	9.1065	8.9706
<b>Income from investing activities</b>				
Net investment income	0.4263	0.4534	0.3396	0.4534
Net realised loss from investments in freehold and leasehold properties	(0.0070)	(0.0035)	(0.0070)	(0.0035)
Net realised gain from sale of investments in securities	0.0048	-	0.0048	-
Net unrealised loss from investments in freehold and leasehold properties	(0.1464)	(0.0097)	(0.1464)	(0.0097)
Net unrealised gain from investments in securities	0.0007	-	0.0007	-
Net realised loss from foreign exchange rate	(0.0007)	-	(0.0007)	-
The effect of changes in foreign exchange rates	(0.0291)	-	(0.0844)	-
Increase in capital from unitholders	5.9000	-	5.9000	-
Capital reduction to unitholders	(0.0750)	-	(0.0750)	-
Distribution to unitholders	(0.4230)	(0.3043)	(0.4230)	(0.3043)
Adjust effect from changing number of units	(7.1658)	-	(7.0831)	-
Net asset value at the end of the year	<u>7.5913</u>	<u>9.1065</u>	<u>7.5320</u>	<u>9.1065</u>
<b>Ratio of increase in net assets from operations to average net asset value during the year (%)</b>				
	2.84%	4.82%	1.22%	4.82%
<b>Significant financial ratios and additional significant information</b>				
Net asset value at the end of the year (in Baht)	5,401,225,720	3,728,200,445	5,359,019,919	3,728,200,445
Ratios of total expenses to average net asset value during the year (%)	1.858	1.114	1.473	1.114
Ratios of total investment income to average net asset value during the year (%)	6.736	6.080	5.366	6.080
Ratios of weighted average investment purchases and sales during the period to average net asset value during the year (%) *	58.704	4.649	4.605	4.649
Average net asset value during the year (in Baht)	4,287,259,046	3,737,397,788	4,279,999,174	3,737,397,788

**Information**

\* The value of investment purchases and sales during the year 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 year.



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

**For the year ended 31 December 2019**

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## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

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 authorised director of the REIT manager on 24 February 2020.

### **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, non-redeemable and indefinite term of scheme. REIT Manager is authorized by the Securities and Exchange Commission of Thailand to offer trust units 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 properties, including hotels and other types of property relevant or beneficial to hotel properties to obtain benefits in a form of rental income or other related income. 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 2019, 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 and applicable rules and regulations of the Thai Securities and Exchange Commission ("SEC").

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements.

According to SEC announcement: Rules, Condition and Procedures for Disclosure of Mutual Funds and Real Estate Investment Trusts or Infrastructure Trusts (vol. 5) dated 27 January 2020, the Mutual funds and Trusts must prepare and disclose financial statements information for the year 2020 in accordance with the accounting guidance as specified by the Association of Investment Management Companies (AIMC) with the SEC's approval. However, the accounting guidance has not yet been announced. The Group is currently considering the potential impact from the accounting guidance on the financial statements in the initial period adopted.



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

**For the year ended 31 December 2019**

#### **(b) Functional and presentation currency**

The financial statements are prepared in Thai Baht, which is the Trust's functional currency.

#### **(c) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. 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 assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in note 5 Investments in freehold and leasehold properties.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Trust and its subsidiaries ("the Group").

##### *Subsidiaries*

Subsidiaries are entities controlled by the the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Group. The financial statements of subsidiary is included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

#### **(b) Foreign currencies**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognized in profit or loss.



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

##### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment.

When a foreign operation is disposed of in its entirety or partially such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

##### **(c) Investments**

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

##### *Subsequent measurement*

##### *Investments in subsidiary*

Investments in subsidiary in the separate financial statements of the Trust are accounted for using the fair value. Unrealised gains or losses from investment valuation is recognized in profit or loss.

##### *Investments in freehold and leasehold properties*

Leasehold property and assets purchased and/or invested by the Group 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 Group 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 REIT manager 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 profit or loss.



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

**For the year ended 31 December 2019**

#### *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 profit or loss.

If the Group 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.

#### **(d) Cash at banks**

Cash at banks comprise call deposits.

#### **(e) Rental and other receivables**

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Accrued income has been presented as part of rental and other receivables.

#### **(f) Deferred expenses**

Deferred expenses included in other assets comprise expenses from issuance and sale offer of trust units such as the registration fees and other related expenses and cost of long-term borrowings. Deferred expenses are amortised as expense over a period of 5 years on a straight-line basis.

#### **(g) Other accounts payable**

Other accounts payable are stated at cost.

#### **(h) Revenue**

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

#### *Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### *Interest income*

Interest income is recognised in profit or loss as it accrues.



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

**(i) Expenses**

*Operating lease*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Other expenses*

Other expenses are charged to profit or loss for the period in which they are incurred.

**(j) Finance costs**

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

**(k) Income tax**

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

Income tax expense in the consolidated financial statements is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**(l) Distribution to unitholders**

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

**(m) Related parties**

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**(n) Segment reporting**

Segment results that are reported to the Group's management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

#### 4 Related parties

Relationships with related parties that the Group had significant transactions with 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 Maldives Investment Private Limited	Leasing	An indirect subsidiary of the Trust
Dusit Thani REIT Company Limited	Holding	A subsidiary of the Trust
Dusit Management Company Limited	Hotel management	A subsidiary of major unitholder and lessee and/or sub-lessee assets of the Trust
Dusit Maldives Management Private Limited	Hotel management	An indirect subsidiary of major unitholder and lessee and/or sub-lessee assets of the Trust
Dusit Thani Properties REIT Company Limited	REIT management	A manager of the Trust
Krungthai Assets Management Public Company Limited	Assets management	The trustee
Krungthai Bank Public Company Limited	Commercial bank	Major shareholder of trustee and depository service

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Rental income	Contractually agreed price
Interest income - cash at banks	Interest rate at 0.375%
Interest income - loans to subsidiary	Interest rate at 3.500%
Management fee	Contractually agreed price
Trustee fee	Contractually agreed price

Significant transactions for the year ended 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Investment income</b>				
Rental income (note 5)				
Dusit Management Company Limited	205,000	226,337	205,000	226,337
Dusit Maldives Management Private Limited	81,061	-	-	-
<b>Interest income</b>				
Krungthai Bank Public Company Limited	76	83	76	83
Dusit Maldives Investment Private Limited	-	-	22,000	-



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Expenses (note 12)</b>				
Management fee				
Dusit Thani Properties REIT Company Limited	8,199	6,706	8,199	6,706
Trustee fee				
Krungthai Assets Management Public Company Limited	6,286	5,949	6,286	5,949

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

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Cash at banks</b>				
Krungthai Bank Public Company Limited	7,227	29,779	7,227	29,779
<b>Rental and other receivables</b>				
Dusit Maldives Management Private Limited	35,735	-	-	-
Dusit Maldives Investment Private Limited	-	-	6,905	-
	<u>35,735</u>	<u>-</u>	<u>6,905</u>	<u>-</u>
<b>Other assets</b>				
Dusit Thani Properties REIT Company Limited	17,766	-	17,766	-
<b>Loans to subsidiary</b>				
Dusit Maldives Investment Private Limited	-	-	2,328,841	-
<b>Other accounts payable</b>				
Dusit Management Company Limited	52,573	39,914	52,573	39,914
Dusit Maldives Management Private Limited	2,422	-	-	-
	<u>54,995</u>	<u>39,914</u>	<u>52,573</u>	<u>39,914</u>
<b>Accrued expenses</b>				
Krungthai Assets Management Public Company Limited	2,151	1,353	2,151	1,353
Dusit Thani Properties REIT Company Limited	1,867	1,173	1,867	1,173
<b>Total</b>	<u>4,018</u>	<u>2,526</u>	<u>4,018</u>	<u>2,526</u>



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

Movements during the year ended 31 December 2019 of loans to subsidiary were as follows:

	Interest rate		Separate financial statements			
	31	1	Increase	Decrease	The effect of	31
	December 2019 (% per annum)	January 2019			changes in foreign exchange rates	
<b>Loans to subsidiary</b>						
Dusit Maldives Investment Private Limited	3.50	-	2,385,600	(15,363)	(41,396)	2,328,841
<b>Total</b>		-	<u>2,385,600</u>	<u>(15,363)</u>	<u>(41,396)</u>	<u>2,328,841</u>

On 25 September 2019 and 23 December 2019, Dusit Maldives Investment Private Limited, an indirect subsidiary of the Trust, borrowed the amount of USD 77.73 million from the Trust for the acquisition of assets, liabilities of Dusit Thani Maldives Hotel project and using as working capital. The loan shall bear interest at the rate of 3.5 percent per annum and the interest rate is subject to change from time to time as specified by the lender. The loan amount of USD 51 million shall be repaid in full amount on 7 September 2059. In addition, the loan amount of USD 26.73 million shall be repaid partially or full amount on demand by the lender. As at 31 December 2019, the subsidiary has withdrawn loan in full amount.

## 5 Investments in freehold and leasehold properties

- 1) 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:

(a) 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.

(b) 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.

(c) 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.



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

#### **For the year ended 31 December 2019**

- 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 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 is in 2019. After that, the Trust is 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, 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 6 February 2018 for DusitD2 Chiang Mai Hotel and 25 October 2018 for Dusit Thani Laguna Phuket Hotel and Dusit Thani Hua Hin Hotel, these properties have the appraisal value totalling Baht 4,315 million caused to unrealized loss from changes in investment value of Baht 3.975 million.

The independent professional valuers appraised the investments in freehold and leasehold properties based on income approach as at 7 January 2019 for DusitD2 Chiang Mai Hotel and 16 October 2019 for Dusit Thani Laguna Phuket Hotel and Dusit Thani Hua Hin Hotel, these properties have the appraisal value totalling Baht 4,332 million caused to unrealized loss from changes in investment value of Baht 71.794 million.

- 2) On 25 September 2019, the Trust has invested in Dusit Thani Maldives Hotel project. The total investment value was in the amount of USD 76.92 million. Details of Dusit Thani Maldives Hotel project consist of:
  - (a) The island of Mudhdhoo in Baa Atoll in the Republic of Maldives where Dusit Thani Maldives Hotel is located. The 40-year leasehold right was granted by the Government of the Republic of Maldives with the area of 166 rai 2 ngan 60 square wah, including the component parts of the island. Dusit Maldives Investment Private Limited has to pay annual rental to the Government of Republic of Maldives in the amount of USD 1 million per annum up to September 2059.
  - (b) Any buildings and structures, including but not limited to 95 villas with utility systems, working systems, and facilities.
  - (c) Furniture, tools, facility equipment, and other related properties which used in the business operation of Dusit Thani Maldives Hotel.

However, the Trust invests in that project via (1) indirectly investment in Dusit Maldives Investment Private Limited which has the rights in leasehold right and ownership of assets in Dusit Thani Maldives Hotel project. (2) the Trust will lend a loan to Dusit Maldives Investment Private Limited for the acquisition of assets with loan interests as specified in the agreement by paying interest twice times per annum.



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

On 25 September 2019, Dusit Maldives Management Private Limited also entered into the sublease of land and lease of assets agreement with Dusit Maldives Investment Private Limited, lessor, with lease term of 21 years. Rental rate and calculation method are indicated in the agreement. The minimum fixed rental rate shall be reviewed every 3 years.

Movements in investments in freehold and leasehold properties were summarised as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
At 1 January 2018	4,172,774	4,172,774
Add Increase from renovations during the year	173,186	173,186
Net unrealized loss from changes in investment value	(3,975)	(3,975)
Less Dispose of renovations during the year	(1,988)	(1,988)
<b>At 31 December 2018 and 1 January 2019</b>	<b>4,339,997</b>	<b>4,339,997</b>
Add Increase from renovations during the year	200,284	192,255
Increase from acquisition of assets	2,360,552	-
Net unrealized loss from changes in investment value	(71,794)	(71,794)
Less Dispose of renovations during the year	(7,139)	(7,139)
The effect of changes in foreign exchange rates	(41,227)	-
<b>At 31 December 2019</b>	<b>6,780,673</b>	<b>4,453,319</b>

Land and constructions of Dusit Thani Laguna Phuket and leasehold right of land, ownership of buildings, structures of Dusit Thani Maldives Hotel are pledged as collateral of loan from a financial institution which is referred to note 8.

## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

Notes to the financial statements  
For the year ended 31 December 2019

### 6 Investments in subsidiary

Investments in subsidiary as at 31 December 2019 and 31 December 2018, and dividend income for the year ended 31 December 2019 and 2018 were as follows:

	Separate financial statements						Dividend income for the year		
	Type of business	Country of incorporation	Ownership interest (%)		Paid-up capital		Cost	2019	2018
			2019	2018	2019	2018			
									(in thousand Baht)
<b>Subsidiary</b>									
Dusit Thani REIT Company Limited <sup>(1)</sup>	Holding	Thailand	100	-	4,900	-	4,900	-	-
<b>Indirect subsidiary</b>									
Dusit Maldives Investment Private Limited <sup>(2)</sup>	Leasing	Republic of Maldives	100	-	USD 150	-	-	-	-
Less allowance for impairment							-	-	-
<b>Net</b>							<b>4,900</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> On 22 August 2019, the Trust invested in Dusit Thani REIT Company Limited, which is a subsidiary of the Trust that established in Thailand, with total shares of 980,000 shares at par value of Baht 5 each, totaling Baht 4.90 million. The subsidiary will purchase the shares in Dusit Maldives Investment Private Limited instead of the Trust. Fair value of the investment is Baht 4.90 million as at 31 December 2019.

<sup>(2)</sup> Dusit Maldives Investment Private Limited is an indirect subsidiary of the Trust which established in the Republic of Maldives. The registered and paid-up capital are USD 150,000 consists of 150,000 ordinary shares. The Trust hold its interest through Dusit Thani REIT Company Limited which is the direct shareholder of Dusit Maldives Investment Private Limited.



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

#### 7 Cash at banks

	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	Interest rate (%)	Amount (in thousand Baht)	Interest rate (%)	Amount (in thousand Baht)	Interest rate (%)	Amount (in thousand Baht)	Interest rate (%)	Amount (in thousand Baht)
<b>Current account</b>								
Krungthai Bank Public Company Limited	-	-	-	1	-	-	-	1
<b>Savings account</b>								
Krungthai Bank Public Company Limited	0.375	7,227	0.375	29,778	0.375	7,227	0.375	29,778
Thanachart Bank Public Company Limited	0.125 - 0.900	36	0.125 - 0.400	5,691	0.125 - 0.900	36	0.125 - 0.400	5,691
Kiatnakin Bank Public Company Limited	0.850	18	0.850	17	0.850	18	0.850	17
CIMB Thai Public Company Limited	1.100 - 1.400	552	-	-	1.100 - 1.400	232	-	-
The Hongkong and Shanghai Banking Corporation Limited	0.050 - 0.375	44,231	-	-	0.050	30,220	-	-
<b>Total</b>		<b>52,064</b>		<b>35,487</b>		<b>37,733</b>		<b>35,487</b>

#### 8 Long-term loans

As at 31 December 2018, Trust has loan from a financial institution which was used to redeem assets and liabilities from the Fund together with the trust and used as working capital for renovations of properties invested by the Trust. The principal repayment will be made on a quarterly basis for 48 installments. The first installment started from April 2018 and monthly interest paid. The interest rate is MLR at the rate as stipulated in the agreement. The loan was secured by land and constructions of Dusit Thani Laguna Phuket with a mortgage facility of Baht 790 million and a 12-year mortgage. On 25 September 2019, the Trust has already paid the loan and released the mortgage.

On 23 September 2019, the Trust entered into the loan agreement with a financial institution with a loan facility of Baht 1,944.21 million. On 25 September 2019, the Trust drew down the first installment of Baht 1,488.21 million for the purpose of lending to a subsidiary to acquire assets and liabilities of Dusit Thani Maldives Hotel project. The loan is secured by land and constructions of Dusit Thani Laguna Phuket and leasehold right of land, ownership of buildings, structures of Dusit Thani Maldives Hotel and others with interest rate not exceeding 4.2% per annum by paying interest quarterly. The principal repayment shall be one time when loan agreement is ended. The maturity period is 5 years starting from the first installment.

The loan agreement has restricts and conditions as specified in the agreement such as carrying to the debt to EBITDA ratio and loan to total assets ratio.



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

The movement of long-term loans were as follows:

	Consolidated financial statements (in thousand Baht)	Separate financial statements
At 1 January 2018	588,889	588,889
Increase	16,131	16,131
Decrease	(5,925)	(5,925)
<b>At 31 December 2018 and 1 January 2019</b>	<b>599,095</b>	<b>599,095</b>
Increase	1,673,190	1,673,190
Decrease	(784,075)	(784,075)
<b>At 31 December 2019</b>	<b>1,488,210</b>	<b>1,488,210</b>

The periods to maturity of long-term loans as at 31 December 2019 and 2018 were as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(in thousand Baht)		
Within one year	-	25,675	-	25,675
After one year but within five years	1,488,210	197,500	1,488,210	197,500
After five years	-	375,920	-	375,920
<b>Total</b>	<b>1,488,210</b>	<b>599,095</b>	<b>1,488,210</b>	<b>599,095</b>

## 9 Segment information and disaggregation of revenue

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different services, and are managed separately because they require different marketing strategies. For each of the strategic divisions, the Chief Operating Decision Maker (CODM) reviews internal management reports on at least a quarterly basis. The Group has reviewed business segments and resulted in changes in reportable segments as follows;

- Segment 1      Leasing
- Segment 2      Others

Information regarding the results of each reportable segment is included below as included in the internal management reports that are reviewed by the Group's CODM. Management believes that such information is the most relevant in evaluating the results of segments and is relative to other entities that operate within these industries.

**Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

Notes to the financial statements

For the year ended 31 December 2019

	Consolidated financial statements						
	Leasing		Others		Elimination		Total
For the year ended 31 December	2019	2018	2019	2018	2019	2018	2018
	<i>(in thousand Baht)</i>						
<b>Information about reportable segments</b>							
External revenue	286,061	226,337	2,723	894	-	-	288,784
Inter-segment revenue	-	-	22,000	-	(22,000)	-	-
<b>Total revenues</b>	<b>286,061</b>	<b>226,337</b>	<b>24,723</b>	<b>894</b>	<b>(22,000)</b>	<b>-</b>	<b>227,231</b>
<b>Disaggregation of revenue</b>							
<b>Primary geographical markets</b>							
Thailand	205,000	226,337	2,723	894	-	-	207,723
Overseas	81,061	-	22,000	-	(22,000)	-	81,061
<b>Total revenues</b>	<b>286,061</b>	<b>226,337</b>	<b>24,723</b>	<b>894</b>	<b>(22,000)</b>	<b>-</b>	<b>227,231</b>
<b>Timing of revenue recognition</b>							
Over time	286,061	226,337	24,723	894	(22,000)	-	288,784
							227,231





# Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

Notes to the financial statements  
For the year ended 31 December 2019

	Leasing		Separate financial statements				Total	
	2019	2018	2019	Others	Elimination		2019	2018
<i>For the year ended 31 December</i>						<i>(in thousand Baht)</i>		
<b>Information about reportable segments</b>								
External revenue	205,000	226,337	24,664	894	-	-	229,664	227,231
Inter-segment revenue	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>205,000</b>	<b>226,337</b>	<b>24,664</b>	<b>894</b>	<b>-</b>	<b>-</b>	<b>229,664</b>	<b>227,231</b>
<b>Disaggregation of revenue</b>								
Primary geographical markets								
Thailand	205,000	226,337	24,664	894	-	-	229,664	227,231
Overseas	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>205,000</b>	<b>226,337</b>	<b>24,664</b>	<b>894</b>	<b>-</b>	<b>-</b>	<b>229,664</b>	<b>227,231</b>
<b>Timing of revenue recognition</b>								
Over time	205,000	226,337	24,664	894	-	-	229,664	227,231



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

#### 10 Unitholders' equity

	Par value (in Baht)	Number	2019 Amount (thousand units / in thousand Baht)	2018 Number	Amount
<b>Authorised</b>					
At 1 January					
- Units trusts		409,400	3,656,051	409,400	3,656,051
Capital reduction <sup>(1)</sup>		-	(30,705)	-	-
Capital increase <sup>(2)</sup>		302,100	1,782,390	-	-
<b>At 31 December</b>		<b>711,500</b>	<b>5,407,736</b>	<b>409,400</b>	<b>3,656,051</b>
<b>Capital contribution</b>					
At 1 January					
- Units trusts	8.9302	409,400	3,656,051	409,400	3,656,051
Capital reduction <sup>(1)</sup>	0.0750	-	(30,705)	-	-
Capital increase <sup>(2)</sup>	5.9000	302,100	1,782,390	-	-
<b>At 31 December</b>		<b>711,500</b>	<b>5,407,736</b>	<b>409,400</b>	<b>3,656,051</b>

<sup>(1)</sup>On 26 July 2019, the Trust approved the capital reduction totaling of Baht 30,705,000 or equivalent to Baht 0.075 per unit, by reducing from par value of Baht 8.9302 per unit to Baht 8.8552 per unit. This capital reduction is for the purpose of paying distribution from Trust's operating performance to unitholders before starting the first capital increase. The reduction of registered capital was paid to unitholders on 23 August 2019.

<sup>(2)</sup>The Trust issued and offered the Trust units for increase capital which was equivalent to 302,100,000 units with the selling price at Baht 5.90 per unit. On 25 September 2019, the Trust obtained the proceed of Trust additional investment totaling value of Baht 1,782.39 million, resulting in the total investment units as of 31 December 2019 was 711,500,000 units.

Movements in retained earnings were as follows:

	Note	Consolidated financial statements (in thousand Baht)	Separate financial statements
<b>Retained earnings</b>			
At 1 January 2018		16,516	16,516
Add Increase in net assets from operations during the year		180,213	180,213
Less Distribution to unitholders	11	(124,580)	(124,580)
<b>At 31 December 2018 and 1 January 2019</b>		<b>72,149</b>	<b>72,149</b>
Add Increase in net assets from operations during the year		121,947	52,310
Less Distribution to unitholders	11	(173,175)	(173,175)
<b>At 31 December 2019</b>		<b>20,921</b>	<b>(48,716)</b>



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

#### 11 Distributions to unitholders

The Trust has a policy of distributions to unitholders such as

- 11.1 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).
- 11.2 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.
- 11.3 In the case where the Trust still has an accumulated loss, the trust manager shall make no distribution to the trust unitholders.
- 11.4 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.

At the Board of Directors' of the REIT manager approved the appropriation of distribution which paid to its unitholders as follows:

The operation for the period	Approval date	Payment date	Distribution per unit trust (in Baht)	Amount (in thousand Baht)
<b>For the year ended 31 December 2019</b>				
1 July 2018 - 31 December 2018	6 February 2019	12 March 2019	0.1714	70,171
1 January 2019 - 30 June 2019	26 July 2019	23 August 2019	0.2516	103,004
<b>Total</b>				<b>173,175</b>
<b>For the year ended 31 December 2018</b>				
29 November 2017 (incorporation date) - 31 December 2017	2 August 2018	31 August 2018	0.0403	16,499
1 January 2018 - 30 June 2018	2 August 2018	31 August 2018	0.2640	108,081
<b>Total</b>				<b>124,580</b>



## **Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries**

### **Notes to the financial statements**

**For the year ended 31 December 2019**

## **12 Expenses**

### *Management fee*

#### *Trust management fee*

The Trust-management company is entitled to receive a monthly management fee at a rate not exceeding 2.00% per annum except 2018 and 2019 at rate not exceeding 0.15% per annum of total assets of the Trust. 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 1.00% 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 2.00% 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.

## **13 Financial instruments**

### *Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates, currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group operations and its cash flows. The Group is primarily exposed to interest rate risk from loans to subsidiary (see note 4) and long-term loans (see note 8).

### *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 Group 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 and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

The Group has significant concentrations of credit risk due to the Group have only 2 lessee/sub-lessee. As a result, the Group might have the risk from financial position and ability to pay lease rental of those lessee/sub-lessee if it has financial problem.

#### *Foreign currency risk*

The Group have exposed to foreign currency risk relating to business transactions which are denominated in foreign currencies. The Group does not hedge such financial assets and liabilities denominated in foreign currencies.

	<b>Consolidated financial statements</b>	
	2019	2018
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>	<i>(in thousand Baht)</i>	
<b>United States Dollars</b>		
Cash at banks	14,331	-
Rental and other receivables	48,449	-
Other accounts payable	2,891	-
<b>Euro</b>		
Other accounts payable	2,491	-
<b>Rufiyaa</b>		
Other accounts payable	724	-
	<b>Separate financial statements</b>	
	2019	2018
<i>Assets and liabilities denominated in the foreign currencies as at 31 December</i>	<i>(in thousand Baht)</i>	
<b>United States Dollars</b>		
Rental and other receivables	6,905	-
Loans to subsidiary	2,328,841	-

#### *Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

#### *Fair values*

A number of the Group'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. In determining the fair value of its financial assets and liabilities, the Trust takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument. The carrying amounts of the Trust's financial assets and liabilities as at 31 December 2019 as presented in the financial statements approximate to their fair values because most of them are classified as short-term, interest rate of loans to subsidiary is approximate to market rate and long-term loans bear floating rate.



## Dusit Thani Freehold and Leasehold Real Estate Investment Trust and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

#### *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to unitholders, return capital to unitholders, issue new trust units or sell assets to reduce debt, if any.

#### 14 Commitments

Dusit Maldives Investment Private Limited has right on leasehold land from the Government of Republic of Maldives, resort and construction on Mudhdhoo Island, Baa Atoll, Republic of Maldives, where Dusit Thani Maldives Hotel is located, for 40 years, due within September 2059.

Dusit Maldives Investment Private Limited has to pay annual rental to the Government of Republic of Maldives in the amount of USD 1 million per annum. The rental amount detailed as follows:

	Consolidated financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
Within one year	30,154	-
After one year but within five years	120,616	-
After five years	1,038,428	-
<b>Total</b>	<b>1,189,198</b>	<b>-</b>

#### 15 Events after the reporting period

At the Board of Directors' Meeting of the REIT manager held on 24 February 2020, the Board of Directors approved the distribution to unitholders of the Trust from the operation for the period from 1 October 2019 to 31 December 2019 and retain earnings at the rate of Baht 0.0294 per unit and approved the return of investment at the rate of Baht 0.0794 per unit, totaling Baht 20.92 million and Baht 56.49 million, respectively. The distribution and return of investment will be paid to the unitholders in March 2020.



The image is a high-angle aerial photograph of a tropical resort. In the foreground, a large, circular building with a grey thatched roof is partially visible, featuring a small, circular swimming pool in its center. The building is surrounded by a dense forest of palm trees and other tropical vegetation. In the background, a long, curved pier extends into a clear, turquoise lagoon. Along the pier, a series of overwater bungalows with thatched roofs are built. The water is a vibrant blue, and the sky is a clear, light blue. The overall scene is one of a peaceful, luxurious tropical getaway.

**Dusit Thani Properties REIT., Ltd.**

319 Chamchuri Square Building, 29<sup>th</sup> Fl., Phayathai Road,  
Pathumwan, Bangkok 10330

Tel: 02-200-9999 ext. 3680-3684 | email: [IR@dtcreit.com](mailto:IR@dtcreit.com) | [www.dtcreit.com](http://www.dtcreit.com)