

DTP Hospitality Freehold and Leasehold Real Estate  
Investment Trust with Buy-Back Condition  
Review report and interim financial statements  
For the three-month period ended 31 March 2023

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Unitholders of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition

I have reviewed the accompanying statement of financial position, including the details of investments as at 31 March 2023, and the related statements of comprehensive income, changes in net assets and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition (collectively "interim financial information"). The trust management is responsible for the preparation and presentation of this interim financial information in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

## **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

## **Emphasis of Matter**

I draw attention to Note 4 to the interim financial statements regarding the adjustments made to the financial statements for the period from 27 September 2022 (trust establishment date) to 31 December 2022 to record the other income which was not previously recorded and the removal of the bank deposits that are not regarded as assets on the statement of financial position of the Trust. The Trust has restated the prior period financials statements, including the statement of financial position as at 31 December 2022, presented herein as comparative information, to reflect the effect of the adjustments. My conclusion from my review is not modified in respect of this matter.

## **Other matter**

The statements of financial position (prior to the restatements as described in Note 4 to the interim financial statements) and the details of investments of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition as at 31 December 2022, presented herein as comparative information, were audited by other auditor who expressed an unqualified opinion on those statements, under his report dated 16 February 2023.

Suchada Tantioran

Certified Public Accountant (Thailand) No. 7138

EY Office Limited

Bangkok: 12 May 2023

**DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition****Statement of financial position****As at 31 March 2023**

		(Unit: Thousand Baht)	
	<u>Note</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
		(Unaudited but reviewed)	(As restated) (Audited)
<b>Assets</b>			
Investments in properties with buy-back condition	7	4,107,000	4,107,000
Cash at bank	8	7,955	11,570
Accrued interest receivables		9	-
Accrued income from investments in properties		320	320
Accrued other income		15,776	13,150
Receivables from the Revenue Department			
- value added tax		15,569	15,594
<b>Total assets</b>		<u>4,146,629</u>	<u>4,147,634</u>
<b>Liabilities</b>			
Accrued expenses and other payables	9	39,254	40,268
Long-term loan from financial institution	10	1,000,000	1,000,000
<b>Total liabilities</b>		<u>1,039,254</u>	<u>1,040,268</u>
<b>Net assets</b>		<u>3,107,375</u>	<u>3,107,366</u>
<b>Net assets</b>			
Capital from unitholders		3,107,000	3,107,000
Retained earnings (deficits)	11	375	366
<b>Net assets</b>		<u>3,107,375</u>	<u>3,107,366</u>
		-	-
Net asset value per unit (Baht)		10.0012	10.0011
Number of units issued at the end of period (units)		310,700,000	310,700,000

The accompanying notes are an integral part of the interim financial statements.

**DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition****Details of investments**

As at 31 March 2023

**Details of investments classified by investment category**

	31 March 2023			31 December 2022		
	(Unaudited but reviewed)			(Audited)		
	Amortised cost	Fair value	Percentage	Amortised cost	Fair value	Percentage
	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)	(%)
<b>Investments in properties with buy-back condition (Note 7)</b>						
Investment in leasehold properties						
Waldorf Astoria Bangkok and MRB Serviced Apartment, with buy-back condition	3,797,000	3,797,000	92.45	3,797,000	3,797,000	92.45
Investment in freehold properties						
U Kaoyai Hotel, with buy-back condition	310,000	310,000	7.55	310,000	310,000	7.55
<b>Total investments in properties with buy-back condition</b>	<b>4,107,000</b>	<b>4,107,000</b>	<b>100.00</b>	<b>4,107,000</b>	<b>4,107,000</b>	<b>100.00</b>
		-			-	

The accompanying notes are an integral part of the interim financial statements

(Unaudited but reviewed)

**DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**

**Statement of comprehensive income**

**For the three-month period ended 31 March 2023**

(Unit: Thousand Baht)

2023

**Investment income**

Income from investments in properties	54,373
Interest income	9
Other income	22,114
<b>Total income</b>	<u>76,496</u>

**Expenses**

Trust management's fee	5,540
Trustee's fee	2,189
Professional fees	150
Other expenses	2
Finance costs	14,233
<b>Total expenses</b>	<u>22,114</u>
<b>Net investment income</b>	<u>54,382</u>
<b>Increase in net assets from operations</b>	<u><u>54,382</u></u>

The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

**DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**

**Statement of changes in net assets**

**For the three-month period ended 31 March 2023**

		(Unit: Thousand Baht)
	<u>Note</u>	<u>2023</u>
<b>Increase in net assets from operations during the period</b>		
Net investment income		54,382
<b>Increase in net assets from operations</b>		<u>54,382</u>
Distribution to unitholders	12	<u>(54,373)</u>
<b>Increase in net assets during period</b>		9
Net assets at the beginning of period (As restated)	4	<u>3,107,366</u>
<b>Net assets at the end of period</b>		<u><u>3,107,375</u></u>

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The accompanying notes are an integral part of the interim financial statements.

(Unaudited but reviewed)

**DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**

**Statement of cash flows**

**For the three-month period ended 31 March 2023**

(Unit: Thousand Baht)

	<u>Note</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Increase in net assets from operations		54,382
Adjustments to reconcile increase (decrease) in net assets from operations to net cash flows from operating activities:		
Increase in accrued interest income		(9)
Increase in accrued other income		(2,626)
Decrease in receivables from the Revenue Department - value added tax		25
Decrease in accrued expenses and other payables		(886)
Interest expense		14,233
<b>Net cash flows from operating activities</b>		<u>65,119</u>
<b>Cash flows from financing activities</b>		
Distribution to unitholders	12	(54,373)
Cash paid for interest expense		(14,361)
<b>Net cash flows used in financing activities</b>		<u>(68,734)</u>
<b>Net decrease in cash at bank</b>		(3,615)
Cash at bank at the beginning of period		11,570
<b>Cash at bank at the end of period</b>		<u><u>7,955</u></u>

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The accompanying notes are an integral part of the interim financial statements.

**DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**  
**Notes to interim financial statements**  
**For the three-month period ended 31 March 2023**

**1. Description of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**

DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E. 2550 in accordance with the trust deed executed on 27 September 2022 by DTP Global REITs Management Co., Ltd. as the trust settlor and Krungthai Asset Management Public Company Limited as the trustee. On 27 September 2022, the Trust was established as a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to mobilise funds raised from investors and from loan from financial institution for investments in the following properties.

- (1) Leasehold properties (moveable and immoveable) of Waldorf Astoria Bangkok Hotel and Magnolia Ratchadamri Boulevard Serviced Apartment (MRB Serviced Apartment), including the infrastructure, plant and equipment located within the Magnolia Ratchadamri Boulevard from Magnolia Finest Corporation Limited.
- (2) Freehold properties, including plant and equipment of U Kaoyai Hotel from Magnolia Hotel and resort Company Limited.

The Trust has a policy to seek benefits from the properties invested through long-term lease agreements. In addition to letting out of properties, the Trust may perform any other acts for the interests of the Trust with an aim of generating income and returns for the Trust and its unitholders. The Trust may invest in other relevant assets as prescribed in the trust deed.

The Trust is managed by DTP Global REITs Management Co., Ltd. (“the trust manager”) and Krungthai Asset Management Public Company Limited is the trustee.

**2. Basis of preparation of interim financial information**

This interim financial information is prepared in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand. The Trust has chosen to present condensed interim financial information in accordance with TAS 34, Interim Financial Reporting. However, the Trust has presented the statement of financial position, including details of investments, statement of comprehensive income, changes in net assets, and cash flows in the same format as that is used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements (i.e., the financial statements for the period ended 31 December 2022). Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official financial information of the Trust. The interim financial information in English language has been translated from the interim financial information in Thai language.

### **3. Distribution policy**

The Trust has policies to pay distributions to unitholders as follows:

- (1) The trust manager shall pay distributions to unitholders, in aggregate, not less than 90% of adjusted net profits for the year. The benefits to be paid to the trust unitholders are divided into the benefit for the fiscal year (year-end distribution) and the benefit for the interim period (interim distribution) (if any). In this regard, payment of distributions is to be made to the trust unitholders not less than four times per annum, beginning in the first accounting period of the Trust if sufficient profits are available in such accounting period and the distribution will be made within 90 days from the Trust's accounting end period.
- (2) If the Trust has accumulated losses, the trust manager will not pay the distributions to the unitholders.

In considering the payment of distribution, if the value of interim distribution or year-end distribution per unit to be paid is lower than or equal to Baht 0.10, the trust manager reserves the right not to pay distribution at that time and to bring such distribution forward for payment together with the next distribution payment

### **4. Restatement of prior period financial statements**

In the current period, the Trust has adjusted the financial statements for the period from 27 September 2022 (trust establishment date) to 31 December 2022 in order to record the followings:

- 1) Previously the Trust did not record the other income of Baht 2.6 million in relation to the reimbursement of the Trust's expenses with Magnolia Finest Corporation Limited under the sub-lease and the lease agreement of Waldorf Astoria Bangkok Hotel and MRB Serviced Apartment properties. The adjustments of Baht 2.6 million were made to increase the other income for the period from 27 September 2022 to 31 December 2022 and the accrued other income as of 31 December 2022.

(Unaudited but reviewed)

- 2) The management has reconsidered that the Trust has no control over the lease deposits that placed in the designated bank account which was placed for the securities under the long-term leases that the Trust received from the lessees. Under the respective lease agreements, any benefits arising from the designated bank deposit shall remain as the property of the lessees and the Trust is entitled to only enforce the securities in accordance with the conditions and circumstances as stipulated in the lease agreements. Therefore, the balance of the bank account pertaining to these lease deposits is not to be as assets on the statement of financial position of the Trust. As a result, the balance of the cash at banks pertaining to the lease deposits and the lease deposits received (liabilities) are removed from the statement of financial position as at 31 December 2022, with no effects on the profit or loss for the period ended 31 December 2022.

The effects of the adjustments affecting the statement of financial position as at 31 December 2022 are as follow:

	(Unit: Thousand Baht)		
	As previously reported	Adjustment	As restated
<b>Assets</b>			
Cash at bank	65,977	(54,407)	11,570
Accrued other income	10,516	2,634	13,150
<b>Liabilities</b>			
Accrued expenses and other payables	40,302	(34)	40,268
Deposits received for long-term leases	54,373	(54,373)	-
<b>Net assets</b>			
Retained earnings (deficits)	(2,268)	2,634	366
Net assets	3,104,732	2,634	3,107,366
Net assets per unit (Baht)	9.9927	0.0084	10.0011

The effects of the adjustments affecting the statements of comprehensive income for the period from 27 September 2022 (trust establishment date) to 31 December 2022 are as follow:

	(Unit: Thousand Baht)		
	As previously reported	Adjustment	As restated
Other income	26,964	2,634	29,598
Increase in net assets from operations	53,906	2,634	56,540

## **5. Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statement for the period ended 31 December 2022.

## **6. Segment information**

Currently, the Trust only operates in one business segment which is the investment in hospitality properties and only in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

## **7. Investment in properties with buy-back condition**

The investments in properties with buy-back conditions comprises of the assets as follows:

- (1) Waldorf Astoria Hotel Bangkok and MRB Serviced Apartment
- (2) U Kaoyai Hotel

There was no movement of the investments in the properties during the current period. The Trust estimated fair value of the investment in properties as at 31 March 2023 to be approximately the balance of the investments determined using the amortised cost method. The management of the Trust believed that these represented the best estimation of fair values as they were established primarily basing on the latest exchange transactions that the price was determined under the market mechanism and the transaction was undertaken not long before the reporting period end date. The determination of the amortised-cost value of such investment has taken into account the time value of money of the future cash inflows from the rentals as specified in the lease agreements and the assets buy-back agreements and applying related effective interest rates of the investments.

The Trust has pledged all of the above assets as collaterals for the credit facility obtained from the financial institution as described in Note 10 to the interim financial statements.

In addition, under the lease agreements of Waldorf Astoria Bangkok Hotel and MRB Serviced Apartment and U Kaoyai Hotel, the lessees of the properties of the Trust have agreed to place deposits of Baht 50.27 million and Baht 4.10 million, respectively, as the securities for the lease agreements. The Trust will take the custody of the deposits throughout the lease periods. However, the management has considered that the Trust has no control over the deposits and does not receive the transfer of the risks and rewards of the bank accounts pertaining to the lease deposits from the lessees. Under the respective lease agreements, any benefits arising from the bank deposits shall remain as the properties of the lessees and

(Unaudited but reviewed)

the Trust is entitled to only enforce the securities in accordance with the conditions and circumstances as stipulated in the lease agreements. Therefore, the balances of the bank account pertaining to these lease deposits and the lease deposits received are not to be regarded as assets and liabilities on the statement of financial position of the Trust. As at 31 March 2023, the balance of the cash at banks pertaining to the lease deposits, including interests (if any) amounted to Baht 54.41 million.

## 8. Cash at bank

	31 March 2023		31 December 2022	
	Principal (Thousand Baht)	Interest rate (%per annum)	Principal (Thousand Baht)	Interest rate (%per annum)
			(Audited)	
Krung Thai Public Company Limited				
Saving account	7,955	0.325	11,570	0.125
Total cash at bank	<u>7,955</u>		<u>11,570</u>	

## 9. Accrued expenses and other payables

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Accrued expenses	7,858	8,637
Other payable – acquisition of the properties	15,566	15,566
Advance received	10,000	10,000
Withholding tax payables	5,463	5,777
Value added tax payables	207	-
Accrued interest expenses	160	288
Total accrued expenses and other payables	<u>39,254</u>	<u>40,268</u>

## 10. Long-term loan from financial institution

The long-term loan from financial institution of Baht 1 billion bears interests at MLR less a fixed rate as stipulated in the loan agreement. The interest is payable every month starting from the drawdown of the loan (28 September 2022). The loan will become due on the earlier of the last working day of commercial bank in the third year after the drawdown of the loan or the date that the Trust received the proceeds from the buyback of assets of Waldorf Astoria Bangkok Hotel and MRB Serviced Apartment, and U Kaoyai Hotel. There was no movement of the long-term loan from financial institution during this current period.

(Unaudited but reviewed)

The long-term loans are secured by the mortgage of the land and building that owned by the Trust and business collateral agreements which include the registrations of the sub-lease and leasehold right as collateral, the transfer of the sub-lease and leasehold right over Waldorf Astoria Bangkok Hotel and MRB Serviced Apartment, the lease deposits and the transfer agreement of the deposits upon conditions. In addition, under the long-term loan agreement, the Trust is required to comply with various conditions, such as, among others, maintaining financial ratios in accordance with the rates stipulated in the agreement.

#### 11. Retained earnings (deficits)

(Unit: Thousand Baht)

Beginning deficits balance as at 1 January 2023, as previously reported	(2,268)
Adjustment (Note 4)	2,634
Retained earnings – as restated	366
Add: Net investment income	54,382
Less: Distribution to unitholders (Note 12)	(54,373)
Ending balance of retained earnings as at 31 March 2023	375

#### 12. Distribution to unitholders

The Trust announced the payment of distribution during the three-month period ended 31 March 2023 as follow:

Announcement date	Period	Per unit (Baht)	Total (Thousand Baht)
2 March 2023	1 January 2023 to 31 March 2023	0.1750	54,373

#### 13. Related party transactions

During the period, the Trust had significant business transactions with related parties, which have been concluded on the commercial terms and bases agreed upon in the ordinary course of business between the Trust and related parties. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period. Below is a summary of those transactions for the three-month period ended 31 March 2023.

(Unaudited but reviewed)

(Unit: Thousand Baht)

**Trust manager**

Trust management fee 5,540

**Trustee**

Trustee fee 2,189

**Major shareholder of the trustee**

Interest income 9

Interest expenses 14,233

The Trust has the following significant outstanding balances with its related parties.

(Unit: Thousand Baht)

	<u>31 March 2023</u>	<u>31 December 2022</u>
		(Audited)
<b><u>Trust manager</u></b>		
Accrued trust management fee	5,521	5,931
<b><u>Trustee</u></b>		
Accrued trustee fee	2,184	2,242
<b><u>Major shareholder of the trustee</u></b>		
Cash at bank	7,955	11,570
Accrued interest receivables	9	-
Long-term loan	1,000,000	1,000,000
Accrued interest expenses	160	288

**14. Commitments**

The Trust is committed to pay fees to counterparties under the terms as described in Note 12 to the financial statements for the period ended 31 December 2022 of the Trust.

**15. Approval of interim financial statements**

These interim financial statements were authorised for issue by the authorised directors of the trust manager on 12 May 2023.