

DTP Hospitality Freehold and Leasehold Real Estate Investment Trust

with Buy-Back Condition

**Review report and interim financial information**

For the period from 27 September 2022 (date of establishment) to 30

September 2022

## **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 30 September 2022, and the related statements of comprehensive income, the statements of changes in net assets and cash flows for the period from 27 September 2022 (date of establishment) to 30 September 2022, 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.

D I A International Audit Co., Ltd.

(Mr. Joompoth Priratanakorn)

C.P.A. (Thailand)

Registration No. 7645

Date 11 November 2022

(Unaudited but reviewed)

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

**Statement of financial position**

**As at 30 September 2022**

(Unit: Thousand Baht)

	<u>Note</u>	
<b>Assets</b>		
Investments in properties with buy-back condition	<i>6</i>	4,107,000
Cash at bank	<i>7, 12</i>	253,962
Accrued interest receivables	<i>12</i>	24
Accrued rental Income		1,791
Receivables from the Revenue Department - value added tax		15,567
<b>Total assets</b>		<b>4,378,344</b>
<b>Liabilities</b>		
Accrued expenses		387
Long-term loan from financial institution	<i>8, 12</i>	1,000,000
Deposit received for long-term lease	<i>6</i>	54,373
Deposit received		10,000
Accured withholding tax		189,850
Accured payable interest loan		130
<b>Total liabilities</b>		<b>1,254,740</b>
<b>Net assets</b>		<b>3,123,604</b>
<b>Net assets</b>		
Trust capital from unitholders	<i>9</i>	3,107,000
Retained earnings	<i>10</i>	16,604
<b>Net assets</b>		<b>3,123,604</b>
Net asset value per unit (Baht)		10.0534
Number of units issued at the end of period (units)		310,700,000

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**

**Details of investments**

As at 30 September 2022

**Details of investments classified by investment class**

	Amortised cost	Fair value	Percentage
	(Thousand Baht)	(Thousand Baht)	of investment (%)
<b>Investments in properties with buy-back condition (Note 6)</b>			
Invest in leasehold properties	3,797,000	3,797,000	92.45
Waldorf Astoria Bangkok and Service Apartment MRB			
Invest in Freehold properties	310,000	310,000	7.55
U Kaoyai hotel			
<b>Total Investments in properties with buy-back condition</b>	<u>4,107,000</u>	<u>4,107,000</u>	<u>100.00</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 comprehensive income**

**For the period from 27 September 2022 (date of establishment) to 30 September 2022**

(Unit: Thousand Baht)

	<u>Note</u>	
<b>Investment income</b>		
Rental income		1,791
Interest income	<i>12</i>	24
Other income		23,276
<b>Total income</b>		<u>25,091</u>
<b>Expenses</b>		
Trust management's fee	<i>11, 12</i>	256
Trustee's fee	<i>11, 12</i>	100
Professional fee		30
Other expenses		7,711
Finance costs	<i>12</i>	390
<b>Total expenses</b>		<u>8,487</u>
<b>Net investment income</b>		<u>16,604</u>
<b>Increase in net assets from operations</b>		<u><u>16,604</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 period from 27 September 2022 (date of establishment) to 30 September 2022**

(Unit: Thousand Baht)

	<u>Note</u>	
<b>Increase in net assets from operations during the period</b>		
Net investment income		16,604
<b>Increase in net assets from operations</b>		<u>16,604</u>
Net increase trust capital received from unitholders	9	<u>3,107,000</u>
<b>Increase in net assets during period</b>		<u>3,123,604</u>
Net assets at the beginning of period		<u>-</u>
<b>Net assets at the end of period</b>		<u><u>3,123,604</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 cash flows**

**For the period from 27 September 2022 (date of establishment) to 30 September 2022**

(Unit: Thousand Baht)

	<u>Note</u>	
<b>Cash flows used in operating activities</b>		
Increase in net assets from operations		16,604
Adjustments to reconcile increase (decrease) in net assets from operations to net cash paid from operating activities:		
Acquisition of investments in properties with buy-back condition	6	(4,107,000)
Increase in accrued rental income		(1,791)
Increase in accounts receivable from interests		(24)
Increase in receivables from the Revenue Department - value added tax		(15,567)
Increase in accrued expenses		387
Increase in deposit received for long-term lease	6	54,373
Increase in deposit received		10,000
Increase in accrued withholding tax		189,850
Interest expense		390
<b>Net cash flows used in operating activities</b>		<u>(3,852,778)</u>
<b>Cash flows from financing activities</b>		
Capital contribution received from unitholders	9	3,107,000
Cash received from long-term loan from financial institution	8, 12	1,000,000
Cash paid for interest expense		(260)
<b>Net cash flows from financing activities</b>		<u>4,106,740</u>
<b>Net increase in cash at bank</b>		253,962
Cash at bank at the beginning of period		-
<b>Cash at bank at the end of period</b>	7	<u><u>253,962</u></u>

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 period from 27 September 2022 (date of establishment) to 30 September 2022

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 Company Limited (Trust Manager) and Krungthai Asset Management Public Company Limited (Trustee). The Trust has specific investment criteria, without early redemption option, and has no expiry date. The Trust has objective to utilize fund raised from public and financial institution as follows:

(1) Invest in leasehold property and asset under Waldorf Astoria Bangkok and Service Apartment MRB including its infrastructure, plant and equipment located within the Magnolia Ratchadamri Boulevard from Magnolia Finest Corporation Limited (“MFC”).

(2) Invest in Freehold property, related plant and equipment under U Kaoyai hotel from Magnolia Hotel and Resort Company Limited (“MHR”).

The Trust has policy to maximize return from its investment, Waldorf Astoria, Service Apartment MRB and U Kaoyai hotel by lease or sub-lease assets.

Apart from leasing out the asset, the Trust can perform other activities to seek for further income as stated in the Trust Deed.

The Trust is managed by DTP Global Reits Management Company Limited (“Trust Manager”) and Krungthai Asset Management Public Company Limited (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 AIMC Accounting Guidance”). 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 will be used for the annual financial statements, with significant accounting policies as they are the first published financial statements after the establishment of the Trust.

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. Significant accounting policies

4.1 Revenues and expenses recognition

**Rental income**

Rental income is recognised as revenue on an accrual basis based on the effective interest rate.

**Interest income and finance costs**

Interest income and finance costs are recognised as revenue and expense on an accrual basis based on the effective interest rate.

4.2 Financial instrument

Financial assets

Investments in financial assets are recognised at fair value on the date which the Trust has rights on investments. Subsequently, the investments are measured at fair value through profit or loss.

Investments in properties with buy-back condition

Investments in properties with buy-back condition that the Trust acquires and leases it back to the seller throughout the useful life of the properties, such investment will be classified as investment in financial

assets. The initial value of investment is measured using the cost of investment on the date that the Trust has right on the investment, as it is considered to be the best estimation of fair value as it is the latest exchange transaction in accordance with market mechanism.

#### Financial liabilities

Financial liabilities are classified as liabilities to be subsequently measured at amortised cost. The financial liability is initially recognised at fair value less directly related transaction costs.

#### Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Trust has transferred substantially all the risks and rewards of the asset, or the Trust has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 4.4 Capital distribution

A decrease in retained earnings is recognised on the date of the declaration of distribution.

#### 4.5 Income tax

The Trust has no corporate income tax liability since it is exempted from corporate income tax in Thailand.

#### 4.6 Related party transactions

Related parties of the Trust comprise individuals or enterprises that own voting interest of at least 10% in the Trust, control or are controlled by the Trust, whether directly or indirectly, or which are under common control with the Trust.

They also include the trust manager and their related parties, associated companies and individuals or enterprises which directly or indirectly own voting interests that gives them significant influence over the Trust, key management personnel and directors of the trust manager with authority in planning and directing the Trust's operations.

#### 4.7 Provisions

Provisions are recognised when the Trust has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Trust applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by the AIMC Accounting Guidance. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Trust measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Trust determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 5. Segment information

Currently, the Trust only operates in one business segment which is the investment in data center real estate 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.

#### 6. Investments in properties with buy-back condition

Movements of the investments in properties with buy-back condition for the period from 27 September 2022 (date of establishment) to 30 September 2022 are as follows:

(Unit: Thousand Baht)

(Unaudited but reviewed)

	Investments in properties with buy-back condition	Total
Beginning balance as at 27 September 2022	-	-
Purchase of investment during the period	4,107,000	4,107,000
Ending balance as at 30 September 2022	4,107,000	4,107,000

On 28th September 2022, the Trust invested in Leasehold properties namely Waldorf Astoria Hotel and Service Apartment MRB from Magnolia Finest Corporation Limited (“MFC”) for THB 3,797.00 Mb and U Kaoyai Hotel from Magnolia Resort and Hotel (“MHR”) for THB 310.00 Mb, details as follow:

(1) Waldorf Astoria Hotel Bangkok and Service Apartment MRB

Invest in leasehold property and asset under Waldorf Astoria Bangkok and Service Apartment MRB including its infrastructure, plant and equipment located within the Magnolia Ratchadamri Boulevard 151 and 151/1 Ratchadamri Road, Lumpini, Bangkok from Magnolia Finest Corporation Company Limited (“MFC”). The duration of leasehold is 22 years and has termination option under the buyback agreement with MFC who has an obligation to buy back asset from the Trust before the 3-year investment period. MFC need to demonstrate to Trustee that it has sufficient funds to pay the early termination costs. In case there is no early termination, after the end of year three since the Trust invested, MFC has agreed that the Trust would have the right to early termination.

(2) U Kaoyai Hotel

Invest in Freehold property, related plant and equipment under U Kaoyai hotel located at 99/22 Moo 1, Pak Chong, Nakhon Ratchasima from Magnolia Hotel and Resort Company Limited (“MHR”). MHR has an obligation to buy asset back after the 3-year period since the Trust invested unless stated otherwise by the Trust.

MFC and MHR agreed to pay the deposit as stated in the lease agreement for THB 50.27 Mb and THB 4.10 Mb, respectively. The Trust has right over these deposit throughout the lease period.

The Trust has pledged to the above assets as a collateral with the financial institution (see Note 8).

(Unaudited but reviewed)

7. Cash at bank

	Principal <u>(Thousand Baht)</u>	Interest rate <u>(%per annum)</u>
Krung Thai Bank Public Company Limited		
Saving account	253,962	0.125
Total cash at bank	<u>253,962</u>	

8. Long-term loan

On 28 September 2022, the Trust entered into a long-term loan agreement with a commercial bank for a credit facility of Baht 1,000 million to finance the initial investment in U Kaoyai Hotel, Waldorf Astoria Hotel, and Service Apartment MRB. interest at MLR less a fixed rate as stipulated in the agreement. The interest payment shall be made monthly since withdrawal date. The loan shall maturity date is the last bank business day of the third year or the borrow has received the fund back from MFC and MHR.

Movements of long-term loan during the period are as follows:

	Balance as at 27 September 2022  (date of establishment)	Drawdown	Balance as at 30 September 2022
Long-term loan from financial institution	-	1,000,000	1,000,000
Net	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>

Such secured long-term loans are mortgaged land and construction, business collateral by registering rental guarantee account, business collateral by registering sublease rights and leasing properties under long-term leases of Waldorf Astoria Hotel, and Service Apartment MRB, sublease transfer agreement and lease the property under the long-term lease agreement of Waldorf Astoria Hotel, and Service Apartment MRB, conditional rental guarantee right transfer agreement.

Under the long-term loan agreement, the Trust is required to comply with various covenants and conditions, such as maintaining financial ratios in accordance with the rates stipulated in the agreement.

## 9. Capital from unitholders

Movements of trust units and net capital from unitholders are as follows:

(Unit: Thousand Baht)

	<u>Units</u>	<u>Unit value</u>	<u>Amount</u>
	(Million units)	(Baht)	(Million Baht)
Beginning balance as at 27 September 2022 (date of establishment)	-	-	-
Capital received from unitholders	310.70	10.00	3,107
Ending balance as at 30 September 2022	<u>310.70</u>	<u>10.00</u>	<u>3,107</u>

On 27 September 2022, the Trust was registered and established with 310.70 million registered trust units at Baht 10.00 per unit, totaling Baht 3,107 million.

## 10. Retained earnings

(Unit: Thousand Baht)

Beginning balance as at 27 September 2022 (date of establishment)	-
Add: Net investment income	<u>16,604</u>
Ending balance as at 30 September 2022	<u><u>16,604</u></u>

## 11. Expenses

## 11.1 Trust management fee

Trust management fee is calculated on a monthly basis, at a rate not exceeding 1% per annum of the Trust's net assets (exclusive of value added tax).

## 11.2 Trustee's fee

Trustee's fee is calculated on a monthly basis, at a rate not exceeding 1% per annum of the of the Trust's net assets (exclusive of value added tax).

## 12. Related party transactions

The relationship between the Trust and individuals or enterprises, which have control over the Trust or are controlled by the Trust, whether directly or indirectly, or which are under common control with the Trust are summarised below.

Name of entities	Nature of relationships
DTP Global Reits Management Company Limited	Trust manager
Krungthai Asset Management Public Company Limited	Trustee
Krung Thai Bank Public Company Limited	Major shareholder of trustee

For the period from 27 September 2022 (date of establishment) to 30 September 2022, 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. Below is a summary of those transactions.

	<u>Note</u>	(Unit: Thousand Baht)
<u>Trust manager</u>		
Trust management fee	<b>11</b>	256
<u>Trustee</u>		
Trustee fee	<b>11</b>	100
<u>Major shareholder of trustee</u>		
Drawdown of long-term loan	<b>8</b>	1,000,000
Interest income	<b>7</b>	24
Interest expenses	<b>8</b>	390



As at 30 September 2022, the Trust has the following significant outstanding balances with its related parties.

(Unit: Thousand Baht)

Trust manager

Accrued trust management fee 257

Trustee

Accrued trustee fee 100

Major shareholder of trustee

Cash at bank 253,962

Accrued interest receivables 24

Long-term loan 1,000,000

Accrued interest expenses 130

13. Information on investment purchase and sales transactions

The Trust's investment trading transactions during the period from 27 September 2022 (date of establishment) to 30 September 2022, excluding cash at banks, amounted to Baht 4,107 million which is 131.48% of the average net assets value during the period.

14. Commitments

The Trust is committed to pay fees to counterparties under the terms and conditions as described in Note 11.

15. Approval of financial statements

These interim financial statements were authorised for issue by the authorised director of trust manager on 11 November 2022.