

DTP Hospitality Freehold and Leasehold Real Estate
Investment Trust with Buy-Back Condition
Report and financial statements
31 December 2023

Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition ("the Trust"), which comprise the statement of financial position, including the details of investments as at 31 December 2023, and the related statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition as at 31 December 2023, its financial performance, changes in its net assets and cash flows for the year then ended, 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.

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 4 to the financial statements, which describes the adjustments made to the financial statements for the prior period. These adjustments pertain to recording other income which was not previously recorded and removing bank deposits received from the tenants that are not regarded as assets on the statement of financial position of the Trust. The Trust has restated the prior period statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in net assets and cash flows for the period from 27 September 2022 (trust establishment date) to 31 December 2022, presented herein as comparative information, to reflect the effect of the adjustments. My opinion is not modified in respect of this matter.

Other matter

The financial statements of DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition for the period from 27 September 2022 (trust establishment date) to 31 December 2022 (prior to the restatements as described in Note 4) were audited by other auditor who expressed an unqualified opinion on those statements, under his report dated 16 February 2023.

Responsibilities of Trust Manager for the Financial Statements

The trust manager is responsible for the preparation and fair presentation of the financial statements 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, and for such internal control as the trust manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

I communicate with trust manager 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 am responsible for the audit resulting in this independent auditor's report.

Suchada Tantioran

Certified Public Accountant (Thailand) No. 7138

EY Office Limited

Bangkok: 13 February 2024

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

Statement of financial position

As at 31 December 2023

		(Unit: Thousand Baht)	
	<u>Note</u>	<u>2023</u>	<u>2022</u>
			(As restated)
Assets			
Investments in properties with buy-back condition	8	4,109,000	4,107,000
Cash at bank	9	7,724	11,570
Accrued income from investments in properties		320	320
Accrued other income and other receivables		14,182	13,150
Receivables from the Revenue Department			
- value added tax		15,566	15,594
Total assets		<u>4,146,792</u>	<u>4,147,634</u>
Liabilities			
Accrued expenses and other payables	10	37,383	40,268
Long-term loan from financial institution	11	1,000,000	1,000,000
Total liabilities		<u>1,037,383</u>	<u>1,040,268</u>
Net assets		<u>3,109,409</u>	<u>3,107,366</u>
Net assets			
Capital from unitholders	12	3,107,000	3,107,000
Retained earnings	13	2,409	366
Net assets		<u>3,109,409</u>	<u>3,107,366</u>
		-	-
Net asset value per unit (Baht)		10.0077	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 financial statements.

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

Details of investments

As at 31 December 2023

Details of investments classified by investment category

	2023			2022		
	Amortised cost	Fair value	Percentage	Amortised cost	Fair value	Percentage
	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)	(%)
Investments in properties with buy-back condition (Note 8)						
Investment in leasehold properties						
Waldorf Astoria Bangkok and MRB Serviced Apartment, with buy-back condition	3,797,000	3,799,000	92.46	3,797,000	3,797,000	92.45
Investment in freehold properties						
U Kaoyai Hotel, with buy-back condition	310,000	310,000	7.54	310,000	310,000	7.55
Total investments in properties with buy-back condition	4,107,000	4,109,000	100.00	4,107,000	4,107,000	100.00

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

DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**Statement of comprehensive income****For the year ended 31 December 2023**

(Unit: Thousand Baht)

For the period from

27 September 2022

(trust establishment date)

to 31 December 2022

(As restated)

Investment income

Income from investments in properties		217,490	56,503
Interest income		43	37
Other income		94,500	22,088
Total income		312,033	78,628

Expenses

Trust management's fee	15	22,305	5,911
Trustee's fee	15	8,833	2,334
Professional fees		1,030	485
Other expenses		474	228
Finance costs		61,858	13,130
Total expenses		94,500	22,088
Net investment income		217,533	56,540

Net gain on investments

Gain on change in fair value of investments	8	2,000	-
Total net gain on investments		2,000	-
Increase in net assets from operations		219,533	56,540

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

DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**Statement of changes in net assets****For the year ended 31 December 2023**

		(Unit: Thousand Baht)
		For the period from 27 September 2022 (trust establishment date) to 31 December 2022 (As restated)
	Note	For the year ended 31 December 2023
Increase in net assets from operations during the period		
Net investment income		217,533
Net gain on investments		2,000
Increase in net assets from operations		219,533
Capital from unitholders	12	-
Distributions to unitholders	14	(217,490)
Increase in net assets during period		2,043
Net assets at the beginning of period (As restated)	4	3,107,366
Net assets at the end of period		3,109,409
		-

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

DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition**Statement of cash flows****For the year ended 31 December 2023**

	(Unit: Thousand Baht)
	For the period from 27 September 2022 (trust establishment date) to 31 December 2022 (As restated)
For the year ended 31 December 2023	For the year ended 31 December 2023
Cash flows from operating activities	
Increase in net assets from operations	219,533
Adjustments to reconcile increase in net assets from operations to net cash flows from operating activities:	
Purchases of Investments in properties with buy-back condition	-
Gain on change in fair value of investments in properties with buy-back condition	(2,000)
Increase in accrued income from investments in properties	-
Increase in accrued other income and other receivables	(1,032)
Decrease (increase) in receivables from the Revenue Department - value added tax	28
Increase (decrease) in accrued expenses and other payables	(3,315)
Interest expense	61,858
Net cash flows from (used in) operating activities	275,072
Cash flows from financing activities	
Cash received from issuance of trust units	-
Distributions to unitholders	(217,490)
Cash received from long-term loan from financial institution	-
Cash paid for interest expense	(61,428)
Net cash flows from (used in) financing activities	(278,918)
Net increase (decrease) in cash at bank	(3,846)
Cash at bank at the beginning of period	11,570
Cash at bank at the end of period	7,724
	-

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

DTP Hospitality Freehold and Leasehold Real Estate Investment Trust with Buy-Back Condition
Notes to financial statements
For the year ended 31 December 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 Magnolias Ratchadamri Boulevard Serviced Apartment (MRB Serviced Apartment), including the infrastructure, plant and equipment located within the Magnolias 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. 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.

3. Basis of preparation of financial statements

These financial statements are 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 financial statements in Thai language are the official financial statements of the Trust. The financial statements in English language have been translated from the Thai language financial statements.

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 (trust establishment date) to 31 December 2022 and the accrued other income as of 31 December 2022.
- 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 recorded 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), together with respective accrued interests that were payable to the lessees, 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
Assets				
Cash at bank	65,977	2)	(54,407)	11,570
Accrued other income	10,516	1)	2,634	13,150
Liabilities				
Accrued expenses and other payables	40,302	2)	(34)	40,268
Deposits received for long-term leases	54,373	2)	(54,373)	-
Net assets				
Retained earnings (deficits)	(2,268)	1)	2,634	366
Net assets	3,104,732	1)	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	1)	2,634	29,598*
Increase in net assets from operations	53,906	1)	2,634	56,540

* See Note 19 to the financial statements for effect from other reclassification

5. Significant accounting policies

5.1 Revenues and expenses recognition

Income from investment in properties

Income from investment in properties (see note 5.2) 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.

Expenses

Expenses are recognised on an accrual basis.

5.2 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.

Investment in properties with buy-back condition

The Trust's investment in properties with buy-back condition, where it acquires and leases the property back to the seller throughout the useful life of the property and where the asset's seller-lessee agrees to buy back assets as per the terms set out in the investment agreement, 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. Subsequently, the investment is measured at fair value, referring to the value as appraised by an independent appraiser.

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 sold or 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.3 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.

5.4 Capital distribution

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

5.5 Income tax

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

5.6 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.

5.7 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.

5.8 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 Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts. 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 of assets or liabilities 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.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts at times requires the fund management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Fair value of investment in properties with buy-back condition

The fair value of the investment in properties with buy-back condition is determined based on the appraisal report of an independent appraiser, using the income approach. This determination requires the application of an appropriate discount rate, and the estimated future cash inflows the Trust will receive. These inflows are determined based on the rental rates in the lease agreement, which expires on 27 September 2025, and the assets' buy-back price as stated in the asset buy-back agreements (see Note 8 to the financial statements).

The Trust has no control over the bank accounts pertaining to the lease deposits from the lessees

In considering of bank account which was placed for the securities under the long-term leases that the Trust received from the lessees, the management has employed its judgement to conclude that the Trust has no control over the lease deposits and it does not receive the transfer of the risks and rewards associated with the bank accounts. Under the respective lease agreements, any benefits arising from the bank deposits, such as interest accruing from the bank accounts which was placed for the securities, shall remain as the properties 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 trust has

no control over the bank accounts and hence, such the bank account is not to be regarded as assets on the statement of financial position of the Trust.

7. 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.

8. Investment in properties with buy-back condition

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

- Waldorf Astoria Hotel Bangkok and MRB Serviced Apartment consist of the rights to sub-lease specific areas in the building for the operation of Waldorf Astoria Hotel Bangkok and MRB Serviced Apartment, the rights to sub-lease various public utility systems in Magnolias Ratchadamri Boulevard, as well as the rights to lease various movable properties and equipment used in the operation of Waldorf Astoria Hotel Bangkok and MRB Serviced Apartment. The leasehold rights for these properties will expire on 31 December 2044.
- U Kaoyai Hotel consists of ownership rights over the land, which is the location of U Kaoyai, ownership rights over the hotel building, including structures and other assets integrated into the land, rights to various public utility systems in U Kaoyai and ownership rights over movable properties, as well as related equipment used in the operation of U Kaoyai.

The Trust seeks benefits from such investments by entering into a sub-lease agreement for Waldorf Astoria Hotel Bangkok and MRB Serviced Apartment, as well as, and a lease agreement for U Kaoyai Hotel to lease, back to the former owner for use in their business operations. The Trust will receive fixed rental income for a period of 3 years. The former owner has agreed to buy back the assets at the end of the lease period, by exercising their right to prematurely terminate the long-term lease agreement (leasehold rights) for the Waldorf Astoria Hotel Bangkok and MRB Serviced Apartment. This action is contingent upon the former owner adequately demonstrating to the Trustee that they have the necessary funding to cover the early termination fees, premiums, and any other associated costs. For U Kaoyai, under to buy and sell assets back, the former owner has agreed to repurchase the properties (both immovable and movable) at the end of the lease term unless the Trust determines otherwise whereby the Trust can notify the former owner to buy back the properties any day after the end of the third year from the day the Trust invested.

Movements of the investments in properties with buy-back condition are summarised below.

	(Unit: Thousand Baht)	
	For the year ended 31 December 2023	For the period from 27 September 2022 to 31 December 2022
Balance at the beginning of the period	4,107,000	-
Purchase of the investments	-	4,107,000
Gain on change in fair value of investments	2,000	-
Balance at the end of the period	<u>4,109,000</u>	<u>4,107,000</u>

The trust manager engaged an independent appraiser to assess the fair value of the investments as of 28 September 2023, using the income approach method. This assessment involves discounting the estimated future cash flows that the Trust will receive based on the lease agreements until the third anniversary of the lease and assuming that the counterparties will buy back the properties at the prices and the conditions specified in the buy-back agreements when the three-year period ends on 27 September 2025. The appraiser has determined the discount rate to be 5.30% per annum. The trust manager estimated the fair value of the investments in properties as of 31 December 2023 based on the fair value of the investments stated in the valuation report of the independent appraiser and believed that there are no significant differences.

Investment in properties with buy-back condition at fair value above were measured at fair value level 3, and there were no transfers within the fair value hierarchies during the year.

The Trust has mortgaged properties above mentioned as collateral against credit facilities from a financial institution as described in Note 11.

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 Trustee, on behalf of the Trust, will take custody of the deposits throughout the lease periods. However, the management has considered that the Trust has no control over the lease deposits, therefore, the lease deposits are not to be regarded as assets of the Trust (see Note 6 to the financial statements). As at 31 December 2023, the balance of the cash at banks pertaining to the lease deposits, including interests (if any) amounted to Baht 54.51 million.

9. Cash at bank

	2023		2022	
	Principal (Thousand Baht)	Interest rate (% per annum)	Principal (Thousand Baht)	Interest rate (% per annum)
				(As restated)
Krung Thai Bank Public Company Limited				
Saving account	7,724	0.550	11,570	0.125
Total cash at bank	<u>7,724</u>		<u>11,570</u>	

10. Accrued expenses and other payables

	(Unit: Thousand Baht)	
	2023	2022
		(As restated)
Accrued expenses	5,423	8,637
Other payable – acquisition of the properties	15,566	15,566
Advance received	10,000	10,000
Withholding tax payables	5,470	5,777
Value added tax payables	206	-
Accrued interest expenses	718	288
Total accrued expenses and other payables	<u>37,383</u>	<u>40,268</u>

11. 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.

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, including maintaining certain financial ratios.

12. Capital from unitholders

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.

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

	Units	Unit value	Amount
	(Million units)	(Baht)	(Million Baht)
Beginning balance as at 27 September 2022 date of trust establishment)	-	-	-
Capital received from unitholders	310.70	10.00	3,107
Ending balance as at 31 December 2022	310.70	10.00	3,107
Ending balance as at 31 December 2023	310.70	10.00	3,107

13. Retained earnings

	(Unit: Thousand Baht)
Deficits as at 1 January 2023, as previously reported	(2,268)
Adjustment (Note 4)	2,634
Retained earnings as at 1 January 2023 - as restated	366
Add: Net investment income	217,533
Net gain on investments	2,000
Less: Distributions to unitholders (Note 14)	(217,490)
Retained earnings as at 31 December 2023	2,409
	(Unit: Thousand Baht)
Retained earnings as at 27 September 2022 (trust establishment date)	-
Add: Net investment income (Restated)	56,540
Less: Distributions to unitholders (Note 14)	(56,174)
Retained earnings as at 31 December 2022 (Restated)	366

14. Distributions to unitholders

The Trust announced the payments of distributions as follow:

<u>Announcement date</u>	<u>Period</u>	<u>Per unit</u>	<u>Amount</u>
		(Baht)	(Thousand Baht)
<u>For the year ended 31 December 2023</u>			
2 March 2023	1 January 2023 to 31 March 2023	0.1750	54,372.50
1 June 2023	1 April 2023 to 30 June 2023	0.1750	54,372.50
31 August 2023	1 July 2023 to 30 September 2023	0.1750	54,372.50
30 November 2023	1 October 2023 to 31 December 2023	0.1750	54,372.50
Total		<u>0.7000</u>	<u>217,490.00</u>
<u>For the period 27 September 2022 to 31 December 2022</u>			
1 December 2022	27 September 2022 to 31 December 2022	0.1808	56,174.56
Total		<u>0.1808</u>	<u>56,174.56</u>

15. Expenses

15.1 Trust management's fee

Trust management's fee is calculated on a monthly basis, at a rate not exceeding 1.00% per annum of the Trust's total assets (exclusive of value added tax).

15.2 Trustee's fee

Trustee's fee is calculated on a monthly basis, at a rate not exceeding 1.00% per annum of the Trust's total assets (exclusive of value added tax, specific business tax or any other similar taxes).

16. Related party transactions

The relationship between the Trust and individuals or enterprises, which are related party, are summarised below.

<u>Name of entities</u>	<u>Nature of relationships</u>
DTP Global REITs Management Company Limited	Trust manager
Krungthai Asset Management Public Company Limited	Trustee
Krung Thai Bank Public Company Limited	Major shareholder of the trustee
Magnolia Finest Corporation Limited	Related to trust manager by way of having common shareholders
Magnolia Hotel and resort Company Limited	Related to trust manager by way of having common shareholders

During the year, 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.

	(Unit: Thousand Baht)		
	For the year ended 31 December 2023	For the period from 27 September 2022 (trust establishment date) to 31 December 2022 (As restated)	Pricing Policy
<u>Trust manager</u>			
Trust management's fee	22,305	5,911	Note 15.1
<u>Trustee</u>			
Trustee's fee	8,833	2,334	Note 15.2
<u>Major shareholder of the trustee</u>			
Drawdown of long-term loan	-	1,000,000	Note 11
Interest expenses	61,858	13,130	Note 11
Borrowing costs	-	7,510	As specified in the agreement
<u>Related to trust manager by having common shareholders</u>			
Income from investments in properties	217,490	56,503	As specified in the agreement
Other income and reimbursement of borrowing costs	94,500	29,598	Actual charge (as specified in the agreement)

As at 31 December 2023 and 2022, the Trust has the following significant outstanding balances with its related parties as follows:

	(Unit: Thousand Baht)	
	2023	2022
	(As restated)	
<u>Trust manager</u>		
Accrued trust management's fee	3,719	5,931
<u>Trustee</u>		
Accrued trustee's fee	1,473	2,242

	(Unit: Thousand Baht)	
	2023	2022
		(As restated)
<u>Major shareholder of the trustee</u>		
Cash at bank	7,724	11,570
Long-term loan	1,000,000	1,000,000
Accrued interest expenses	718	288
<u>Related to trust manager by having common shareholders</u>		
Investments in properties with buy-back condition	4,109,000	4,107,000
Accrued other income	14,182	13,150
Advance received	10,000	10,000
Other payable - acquisition of properties	15,566	15,566

17. Commitments

The Trust is committed to pay fees to counterparties under the terms and conditions as described in Note 15 to the financial statements.

18. Financial instruments

18.1 Financial risk management

The Trust's financial instruments comprise investment in properties with buy-back condition that is classified as financial assets, cash at banks, accrued interest receivables, accrued expenses and other payables and long-term loan from financial institution. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Trust has invested primarily in and receive principal income from the investment in properties with buy-back condition that has a long-term lease agreement with lessees. The Trust, therefore, is exposed to credit risk primarily with respect to its investment in properties with buy-back condition. The Trust has considered that the lessees are in the business with potential and they have ability to make rental payments according to the agreement in the short term and can secure funding for the purpose of repurchasing of the properties. In addition, under lease agreement, the Trust is provided with rental deposit and various collaterals. The Trust is also exposed to credit risk with respect to cash at banks, investment in money market fund and accrued interest receivable from cash at banks. The Trust has considered depositing money with banks with stable financial status and investing in relatively low risk money market fund. The Trust therefore does not expect to incur material financial losses from the credit risk in the short term. The maximum exposure is the carrying amounts

of the assets as stated in the statement of financial position less the recovery from collateral (if any).

Interest rate risk

The Trust's exposure to significant interest rate risk relates to its cash at banks and long-term loan. All bank deposits carried a fixed short-term interest rates which are close to the market rate and long-term loan bears floating interest rate that will change according to market rate.

Significant financial assets and liabilities as at 31 December 2023 and 2022 classified by type of interest rate are summarised in the table below.

(Unit: Thousand Baht)

	2023			
	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<u>Financial Assets</u>				
Investment in properties with buy-back condition	-	4,109,000	4,109,000	-
Cash at banks	7,724	-	7,724	0.550
Accrued income and other receivables	-	14,502	14,502	-
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	37,383	37,383	-
Long-term loan from financial institution	1,000,000	-	1,000,000	Note 11

(Unit: Thousand Baht)

	2022			
	Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
<u>Financial Assets</u>				
Investment in properties with buy-back condition	-	4,107,000	4,107,000	-
Cash at banks	11,570	-	11,570	0.125
Accrued income and other receivables	-	13,470	13,470	-
<u>Financial liabilities</u>				
Accrued expenses and other payables	-	40,268	40,268	-
Long-term loan from financial institution	1,000,000	-	1,000,000	Note 11

Foreign currency risk

As at 31 December 2023 and 2022, the Trust has no financial instruments in foreign currency.

Liquidity risk

The Trust has highly liquid assets such as cash at banks which is sufficient to make scheduled payments as specified in the loan agreement and the projected income stream of the Trust is sufficient to pay the amounts due and make capital distributions to the unitholders.

18.2 Fair values of financial instruments

The Trust measures its investment in properties with buy-back condition at fair value. Other financial instruments held by the Trust are short-term in nature or carrying interest at rates close to market interest rate. The Trust therefore believe that fair value of financial instruments is not to be materially different from the amounts presented in the statement of financial position.

19. Reclassification

The Trust has made a reclassification in the statement of comprehensive income for the period from 27 September 2022 to 31 December 2022 as set out below. This is related to the net presentation of other expenses (fees related to borrowing) and the reimbursement. The reclassification has no effect on previously reported net increase in the net assets from operations for the period ended 31 December 2022 and the net asset value as at 31 December 2022.

		(Unit: Thousand Baht)
		<u>As previously reported</u>
		<u>and after adjusted as</u>
	<u>As reclassified</u>	<u>described in Note 4</u>
<u>Statement of comprehensive income</u>		
Other income	22,088	29,598
Other expenses	228	7,738

20. Approval of financial statements

These financial statements were authorised for issue by the authorised directors of trust manager on 13 February 2024.