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CSO/EL017/2017

November 10th, 2017

Subject : Notification of the Resolutions of the Board of Directors' Meeting No. 9/2017 regarding Acquisition and Disposition of Assets of the Subsidiaries
To : The President of the Stock Exchange of Thailand
Reference: Information Memorandum regarding Acquisition of Assets of the Subsidiary

The Board of Directors' Meeting of Dusit Thani Public Company Limited ("the Company" or "DTC") No. 9/2017 dated 9 November 2017 has passed resolutions regarding the acquisition and disposition of assets of the subsidiaries as detailed below:-

A. Approved the subsidiary to lease and sub – lease assets from Dusit Thani Freehold and Leasehold Real Estate Investment Trust ("DTCREIT") (to be executed after the completion of the conversion of Dusit Thani Freehold and Leasehold Property Fund ("DTCPF") into DTCREIT)

In accordance with the conversion plan of DTCPF into DTCREIT in exchange for assets and liabilities of DTCPF, the following assets will be transferred from DTCPF to DTCREIT (after the completion of conversion):-

- 1) Ownership in Dusit Thani Laguna Phuket
- 2) Leasehold rights to Dusit Thani Hua Hin
- 3) Ownership in DusitD2 Chiang Mai

Currently, Dusit Management Co., Ltd. ("DMCO"), the 99.99% owned subsidiary of DTC, is the lessee of land and hotel buildings from DTCPF. DMCO will be assigned the rights and obligations as per the Lease/Sub-Lease Agreements with DTCPF, the conditions of which are similar to the current Lease/Sub-Lease Agreements with DTCPF, except the rental calculation (as per details specified in the attached Information Memorandum Schedule 1)

When calculating the fixed annual rental of three hotels totaling THB 205 million from the rental period and the remaining renewed agreement period¹ which will be from 2018 to 2031 (total 14 years), that will represent the rental charge that DMCO to pay to DTCREIT in the amount of THB 2,870 million (the variable rental is not included in the calculation because it is forecast figures and uncertain). The present value of total rental charge equals to THB 1,993.59 million by using discounted rate of 6.25 percent as per MLR.

The size of transaction based on total value of consideration equals to 20.70% of total assets of the Company and its subsidiaries as of September 30, 2017. After combining the size of such transaction with accumulated asset acquisition in the past six months period, the total aggregate transaction size is 23.42% of total assets of the Company and its subsidiaries as of September 30, 2017, which higher than 15% but lower than 50% threshold. The transaction is considered the acquisition and disposition of assets under Class 2 under the Notification of the Capital Market Supervisory Board No. TorJor 20/2551 RE: Rules on Entering into Material Transaction deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004.

¹ The first agreement was executed on December 24, 2010 and DMCO undertakes to renew the agreement for 6 times at every 3 years. DMCO had already renewed the lease agreement with DTCPF twice (The second renewed lease agreement was executed in 2017 and will end in 2019). The remaining 4 leasing terms will end at 2031.

The Company, therefore, is required to disclose information regarding the asset acquisition to the Stock Exchange of Thailand (the “SET”) and send written notice to shareholders within 21 days from the date of disclosure of information to SET.

B. Approved in principle for Dusit Thai Properties Public Company Limited (“DTPP”), the 86.8% directly and indirectly owned subsidiary to enter into the followings

- dispose of assets used in the operation of Dusit Princess Korat which compose of land, hotel building, fixture, furniture and equipment, to third party who is not the related party at the price range of not less than THB 550 million not more than THB 600 million subject to DTPP’s shareholders approval at the DTPP’s extraordinary general meeting. Such disposition is a part of assets restructuring of DTC group of companies.

- endorse DTPP to empower the authorized directors of DTPP or the designated persons authorized by the authorized directors of DTPP to have the power to contact, negotiate, amend, agree, execute and deliver relevant documents and/or agreements to the buyer, including but not limited to contacting, seeking approvals from relevant authorities, disclosing any information to the SET and the Office of the Securities and Exchange Commission (the “SEC”) as well as taking other actions relevant and necessary to the transaction until completion, including to have power to appoint and/or remove any substitute to take the foregoing actions.

The above transaction is considered as disposition or transfer of business of DTPP to other persons pursuant to Section 107 of the Public Limited Companies Act B.E. 2535 (1992) (the “Public Limited Companies Act”). Hence, in accordance with Section 107 of the Public Limited Companies Act, DTPP is required to obtain approval from the shareholders’ meeting for entering into such transaction by the votes of not less than three-fourths of the total number of vote of the shareholders attending the meeting and having the right to vote.

The above transaction of assets disposition having a selling price range of not less than THB 550 million not more than THB 600 million. The transaction size is 6.23% of the total assets of DTC and its subsidiaries as of September 30, 2017. Since there is no other assets disposition within six months, this transaction is not considered the material acquisition and disposition of assets under the Notification of the Capital Market Supervisory Board No. TorJor 20/2551 RE: Rules on Entering into Material Transaction deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004.

Please be informed accordingly.

Sincerely yours,

- *Suphajee Suthumpun* -
(Mrs. Suphajee Suthumpun)
Group Chief Executive Officer

Lease and Sublease Assets from Dusit Thani Freehold and Leasehold Real Estate Investment Trust (“DTCREIT”) (this transaction will be executed after DTCPF converted to DTCREIT)

1. Date of Transaction:

Dusit Management Co., Ltd. (“DMCO”) will lease and sublease assets from DTCREIT after the conversion of DTCPF into DTCREIT is completed, which is expected to be within the end of 2017 after Securities and Exchange Commission approved the application of issuing and offering investment trust units of DTCREIT.

2. Parties Involved:

Lessee:	DMCO
Lessor/ Sub lessor:	DTCREIT
Relationship with DTC:	DMCO is a 99.9% subsidiary of Dusit Thani Public Company Limited (“DTC”)

DTCREIT¹ is a real estate investment trust that DTC holds the 30.02% sellable units during conversion from DTCPF. Dusit Thani Properties REIT Co., Ltd. (“DTPR”), which is a 99.9% subsidiary of DTC is fund manager of DTCREIT.

3. General Characteristics of the Transaction:

DMCO will be assigned rights and obligations under Lease/ Sublease Agreements from DTCPF. It will therefore lease and/or sublease land and hotel buildings from DTCREIT after the completion of conversion. Leased assets are as follows:

- 3.1 Dusit Thani Laguna Phuket (Lease)
- 3.2 Dusit Thani Hua Hin (Sub-Lease)
- 3.3 dusitD2 Chiang Mai (Lease)

4. Details of Lease Agreement (after the conversion is completed, lessor will be Dusit Thani Real Estate Investment Trust)

4.1 Dusit Thani Laguna Phuket Hotel

Summary of the Lease Agreement (Dusit Thani Laguna Phuket Hotel)

Lessor	Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”)
Lessee	Dusit Management Co., Ltd. (the “Lessee”)
Leased Properties	(1) Land, in whole or in part (as the case may be), under Title Deeds No. 5971, 5917, 11956, 42109, 45114, 45115, located at No. 390, Srisunthorn Road, Choeng Thale Subdistrict, Thalang District, Phuket Province, with the approximate area of 33-2-60.3 rai, as at the date of the agreement. (2) Buildings or structures constructed on the land, including the utilities, system works, and facilities which form the component parts of the buildings as specified under Annex 1, including a 3-storey hotel building with 226 guest rooms. (3) Furniture and facilities and equipment relevant to the hotel business operation, e.g., beds, wardrobes, cupboards, sanitary wares, electrical appliances, as specified under the annex to the Lease Agreement.
Lease Term	3 years from the execution date of the agreement which was 24 December 2010, unless DTCPF exercises its right to renew the agreement in accordance with the terms and conditions hereof.
Rental	The rental charge and method of calculation for the three hotels namely Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and Dusit D2 Chiang Mai is described in item 5 about total consideration of the acquired assets.
Duties of the Lessee	The duties of the Lessee under the Lease Agreement are summarized as follows:

	<p>(1) The Lessee shall use the Leased Properties in accordance with the objectives of the lease specified in the agreement and shall not operate any business that is in violation of the law on the Leased Properties;</p> <p>(2) The Lessee shall procure that a hotel manager whose qualifications meet international hotel management standards is engaged in order to operate the hotel business in accordance with the terms and conditions that are deemed to be acceptable to DTCPF, during the entire lease term hereunder and any extended lease term (if any);</p> <p>(3) The Lessee shall exercise its best efforts in maintaining the Leased Properties in good condition during the term of the lease;</p> <p>(4) The Lessee shall not commit any act or allow any person to commit any act that is in violation of the law, or hazardous to a person’s health, or the nature of which is repulsive or causes distress or nuisance for others, on the Leased Properties;</p> <p>(5) The Lessee agrees that it shall operate a hotel business and other related businesses in accordance with the objectives under the agreement only. The Lessee agrees that it shall not create any debt or obligations, unless such creation of debts or obligations is in the ordinary course of a hotel business and other related businesses (e.g., hotel operational expenses) or is a result of compliance with this agreement or other relevant agreements. The Lessee agrees to maintain its Debt to Equity Ratio at 2.5 to 1, whereby the calculation of such ratio shall be inclusive of only the debt arising from borrowings from financial institutions, excluding borrowings from Dusit Thani Public Company Limited as provided under the Lease Agreement;</p> <p>(6) The Lessee shall strictly comply with the terms and conditions and provisions of the law which are material to the operation of a hotel business;</p> <p>(7) The Lessee shall comply with the material terms and conditions hereof and maintain the licenses that are important to the operation of a hotel business during the entire term of this agreement; and</p> <p>(8) The Lessee shall not create any encumbrance on the Leased Properties.</p>
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4.2 Dusit Thani Hua Hin Hotel

Summary of the Sublease Agreement, Dusit Thani Hua Hin Hotel

Sub lessor	Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”)
Sub lessee	Dusit Management Co., Ltd. (the “Sub lessee”)
Leased Properties	<p>(1) Land, in whole or in part (as the case may be), where Dusit Thani Hua Hin Hotel is situated, under Title Deeds No. 6101, 6102, 24102, 24103, and 24104, located at No. 1349, Phet Kasem Road, Cha-am District, Phetchaburi Province, with the approximate area of 63 -1-60 rai, including component parts of the leased land. The details of the land and its component parts are set out in annex to the Sublease Agreement.</p> <p>(2) Buildings as follows:</p> <ol style="list-style-type: none"> 1. Seven-storey building with 296 guest rooms 2. The Pavilion Building 3. The Royal Dusit Hall Building 4. Krua Thai Building 5. Krua Rim Ta-le Building 6. Boat House Building 7. Soom-Nam Song Thai Building 8. Wastewater treatment Building 9. Gas storage Building 10. Engine Storage Building 11. Four tennis courts 12. Large lotus pond 13. Two swimming pools

	(3) Furniture, facilities tools and equipment relevant to the hotel business operation, e.g., beds, wardrobes, cupboards, sanitary wares, electrical appliances.
Lease Term	3 years from the execution date of the agreement which was 24 December 2010, unless DTCPF exercises its right to renew the agreement in accordance with the terms and conditions hereof.
Right to Renew the Lease Agreement upon Expiry	DTCPF shall have the right to demand that the Lessee continue leasing the Leased Properties following the termination of this agreement, subject to the conditions specified in the Sublease Agreement. However, each extended lease term shall not exceed 3 years.
Rental	The rental charge and method of calculation for the three hotels namely Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and DusitD2 Chiang Mai is described in item 5 about total consideration of the acquired assets.
Duties of the Sub lessee	Same as those Duties of the Sub lessee of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).

4.3 Dusit D2 Chiang Mai Hotel

Summary of the Lease Agreement, Dusit D2 Chiang Mai Hotel

Lessor	Dusit Thani Freehold and Leasehold Property Fund (“DTCPF”)
Lessee	Dusit Management Co., Ltd. (the “Lessee”)
Leased Properties	<ol style="list-style-type: none"> (1) Land under Title Deeds No. 20166, 20167, 12435, 12434, 12433, 12432, and 2503, located at No. 100, Chang Klan Road, Chang Klan Sub district, Mueang Chiang Mai District, Chiang Mai Province, with the total area approximately 2-2-65 rai, including the component parts thereof. (2) Buildings or structures constructed on the land, including the utilities, system works, and facilities which form the component parts of the buildings, i.e., an 11-storey building (including basement) and two 3-storey office buildings. (3) Furniture and facilities and equipment relevant to the hotel business operation, e.g., beds, wardrobes, cupboards, sanitary wares, electrical appliances.
Lease Term	3 years from the execution date of the agreement which was 24 December 2010, unless DTCPF exercises its right to renew the agreement in accordance with the terms and conditions hereof.
Right to Renew the Lease Agreement upon Expiry	Same as those Right to Renew the Lease Agreement upon Expiry of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).
Condition to Renew the Lease Agreement upon Expiry	Same as those Condition to Renew the Lease Agreement upon Expiry of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).
Rental	The rental charge and method of calculation for the three hotels namely Dusit Thani Laguna Phuket, Dusit Thani Hua Hin and DusitD2 Chiang Mai is described in item 5 about total consideration of the acquired assets.
Duties of the Sub lessee	Same as those Duties of the Sub lessee of the Lease Agreement (Dusit Thani Laguna Phuket Hotel).

5. Total Value of Consideration of the Acquired Assets

The rental charge consists of fixed annual rental and variable rental. Lease term is calculated from the remaining leasing period after DTCREIT accepts the transfer of ownership and lease right of assets from DTCPF with the remaining leasing period from 2018 to 2031 (total 14 years). The details of which are as follows:

5.1 Total Rental Charge

Total rental charge equals to the last fixed rental charge plus variable rental which is equivalent to EBITDA subtracted by the share of lessee⁽ⁱ⁾ or plus compensation of lessee⁽ⁱⁱ⁾

Whereas

EBITDA means Earning Before Interest, Tax, Depreciation and Amortization of asset that DTCREIT invested based on the formula under no. 5.5 calculation method.

(i) Means in the event that EBITDA is more than or equal to the initial fixed rental

(ii) Means in the event that EBITDA is less than the initial fixed rental fee

5.2 Fixed Rental

Fixed annual rental means the initial fixed annual rental charge or the last fixed annual rental (subject to the case)

Whereas

5.2.1 Initial fixed rental

(a) In case of the renewal year of lease agreement

It will amount to THB 205 million per annum or two thirds of total average rental for the past three years, subject to either of higher amount.

(b) In case of during three years which are not the renewal year of agreement

It will amount to THB 205 million per annum or the last fixed rental for the previous year, subject to either of higher amount.

5.2.2 Last fixed rental equaling to the initial fixed rental or at the rate of two thirds of total rental charge of that year, subject to either of higher amount

In this regards, for any accounting year period, in the case where the accumulation of all initial fixed rental that DMCO pays to DTCREIT is lower than the last fixed rental pursuant to the result from the calculation based on the abovementioned formula, by using the financial information of DMCO set out in the financial statements for the year which is audited by the auditor of DMCO who is approved by the SEC Office. DMCO agrees to pay / compensate the difference thereof with the rental that DTCREIT is entitled to receive within the next period after the rental charge is calculated.

5.3 Variable Rental

The variable rental equals to EBITDA which is subtracted by the last fixed rental, subtracted by the share of lessee⁽ⁱ⁾ or plus the compensation of lessee⁽ⁱⁱ⁾, based on the calculation by quarterly or yearly (subject to the case)

Whereas

EBITDA means Earnings Before Interest, Tax, Depreciation and Amortization of asset that DTCREIT invested based on the formula under no. 5.5 calculation method.

(i) Means in the event that EBITDA is more than or equal to the initial fixed rental

(ii) Mean in the event that EBITDA is less than the initial fixed rental fee

In this regard, for any accounting year period, in the case where the initial fixed rental that DMCO pays to DTCREIT is different from the variable rental pursuant to the result from the calculation based on the abovementioned formula, by using the financial information of DMCO set out in the financial statements for the year which is audited by the auditor of DMCO who is approved by the SEC Office. DMCO agrees to set off the difference thereof with the rental that DTCREIT is entitled to receive or DTCREIT agrees to offset the surplus variable rental together with the rental that DTCREIT is entitled to receive by the next accounting period after the result of calculation.

5.4 Share of Lessee or Compensation from Lessee

5.4.1 In this regard, Share of Lessee shall mean only in case of EBITDA is more than or equal to the initial fixed rental,

Whereas, Share of Lessee shall be equal to the lower amount of the followings:

- EBITDA – Initial Fixed Rental; or
- $(EBITDA - 205,000,000) \times (1-A)$

A = at the rate of 85 percent from the date of 1 January 2017 to 31 December 2022, and at the rate of 80 percent from 1 January 2023 onwards.

5.4.2 Compensation from Lessee shall mean only in the case that EBITDA is less than the Initial fixed rental.

Whereas, Compensation from Lessee = Initial Fixed Rental - EBITDA

At year end, the Initial fixed rental shall be equal to the last fixed rental

5.5 Earnings Before Interest, Tax, Depreciation and Amortization of asset that DTCREIT invested (EBITDA)

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) of assets that DTCREIT invested	$\text{EBITDA} = (\text{B} - \text{C} - \text{D} - \text{E})$ <p>B = Total revenues from the hotel business operation (revenues with respect to the guest rooms, food and beverages, and other operations) during the quarter or in that year (as the case may be)</p> <p>C = Total costs from the hotel business operation (costs with respect to the guest rooms, food and beverages, and other operations) during the quarter or in that year (as the case may be)</p> <p>D = Total expenses incurred due to the sales and services from the hotel business operation during the quarter or in that year (as the case may be)</p> <p>E = Total expenses incurred due to the other operations from the hotel business operation (property tax, hotel management fee, business interruption insurance premiums, and public liabilities insurance premium, etc.) during the quarter or in that year (as the case may be)</p>
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When calculating the fixed annual rental of three hotels totaling THB 205 million from the leasing period and the remaining renewed agreement period² which will be from 2018 to 2031 (total 14 years), that will represent the rental charge that DMCO must pay to DTCREIT in the amount of THB 2,870 million. The present value of total rental charge equals to THB 1,993.59 million by using discounted rate of 6.25 percent as per MLR, representing the transaction size of 20.70% based on the financial statements of DTC and its subsidiaries as of September 30, 2017. This transaction is considered as the transaction of acquisition and disposition of assets Class 2 under the Notification of Capital Market Supervisory Board No. TorJor 20/2551, therefore, the Company is required to disclose the information regarding the Company's transaction to the Stock Exchange of Thailand ("the SET") and sending the written notice to shareholders within 21 days from the date of information disclosure to the SET.

6. Basis Used to Determine the Value of Consideration

The value of assets rental for the business operation of Dusit Thani Laguna Phuket, DusitD2 Chiang Mai and sublease of assets for the business operation of Dusit Thani Hua Hin derived from the comparative rental rate of hotels by other property funds. The rate of rental is based on mutual agreement by counter parties which is based on the current rental rate paid to DTCPF. However, the variable rental has been adjusted to be in accordance with the criteria of generating benefits from the key assets under the Notification No. TorJor 49/2012.

7. Expected Benefit from the Transaction

The lease and sublease of the three hotels will generate revenues to DTC from the hotel management fee because DMCO will continuously engage DTC to manage the hotels (currently, DTC is engaged to manage the hotels from DMCO). In the event that all three hotels gain total EBITDA more than the fixed rental paid to DTCREIT, DMCO may gain the share as the lessee.

8. Source of fund

From DMCO's working capital (which is the performance of all three hotels) and partial loan from DTC.

² The first agreement was executed on December 24, 2010 and DMCO undertakes to renew the agreement for 6 times at every 3 years. DMCO had already renewed the lease agreement with DTCPF twice (the second renewed lease agreement was executed in 2017 and will end in 2019). The remaining 4 leasing terms will end at 2031.

9. Opinion of the Board of Directors on the transaction

The Board of Directors and the Audit Committee have considered that the transaction of leasing/sub-lease of three hotels by DMCO from DTCREIT will generate the recurring revenues from being the hotel management.

10. Opinion of the Audit Committee and/ or the directors which are different from the Board of Directors' opinion

- None -
