

**Information Memorandum on Acquisition of Assets of
Dusit Thani Public Company Limited in respect of
Pathumwan Project and ASAI Chinatown Project (List 2)**

and

**The opinions of the Independent Financial Advisor on the
acquisition of assets**

(For the purpose of translation only)

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Dusit Thani Public Company Limited in respect of
Pathumwan Project and ASAI Chinatown Project (List 2)

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The opinions of the Independent Financial Advisor on the acquisition of assets

(For the purpose of translation only)

**Information Memorandum on Acquisition of Assets of
Dusit Thani Public Company Limited in respect of
Pathumwan Project and ASAI Chinatown Project (List 2)**

The Board of Directors' Meeting No. 4/2019 of Dusit Thani Public Company Limited (the "**Company**"), held on 15 March 2019, resolved to approve the following agenda items:

- (a) The sublease of certain areas in Baan Rajprasong building located at No. 3 Soi Mahardlekluang 3, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok Metropolis from Baan Rajprasong Public Company Limited (which is the lessee of Baan Rajprasong building). The Company will sublease the areas from the 3rd to the 12th and the 12A floor and other areas in Baan Rajprasong building, with a total area of 9,499.56 square meters (the "**Area in Baan Rajprasong Building**"), for a period of approximately 19 years from the date of the registration of the sub-lease agreement until 31 October 2038 and the purchase of the assets located in the Area in Baan Rajprasong Building from Baan Rajprasong Public Company Limited in order to operate a hotel business, long-stay rental business, restaurant business and other businesses, with the total consideration of THB 740,000,000 which the Company must make payment to Baan Rajprasong Public Company Limited (this transaction is called the "**Pathumwan Project**"); and
- (b) The registration of the right to usufruct of some areas from the 4th to the 8th floors of the building, located at No. 527 Charoenkrung Road, Pom Prap Sub-district, Pom Prap Sattru Phai District, Bangkok Metropolis, with a total area of approximately 8,992.50 square meters (the "**Area in I'm Chinatown Building**") under 2 Usufruct Agreements, for a total period of approximately 32 years and the purchase of the assets (Furniture, Fixtures and Equipment (FF&E)), located in the Area in I'm Chinatown Building from I'm Chinatown Co., Ltd. in order to operate a hotel business, restaurant business, and other businesses (this transaction is called the "**ASAI Chinatown Project**").

The entry into the transactions in (a) and (b) above constitutes an asset acquisition transaction in accordance with Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisitions or Disposal of Assets, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (including any amendment thereto) (collectively, the "**Notifications on Asset Acquisition and Disposal**"), having the highest transaction value of 15.03 percent, calculated based on the Total Value of Consideration basis, based on the audited Consolidated Financial Statements of the Company ending 31 December 2018. After calculating the value of all asset acquisitions which have occurred during the past six months based on the Total Value of Consideration basis and when combined with the total value of the asset acquisition transactions related to the Dusit Thani Maldives hotel project, the subscription for the newly-issued investment units of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (the "**DREIT**"), the Board of Directors proposed in the Meeting of the Board of Directors No. 3/2019 on 25 February 2019 that the shareholders' meeting No. 26/2019 consider approving the entry into the transactions, whereby the highest transaction value is equivalent to 40.15 percent based on the Total Value of Consideration basis.

However, the entering into of the transactions in (a) and (b) is not deemed as a connected transaction of the Company.

Therefore, the Board of Directors deems it appropriate to propose that the shareholders' meeting to consider approving the entry into of the asset acquisition transactions in relation to the Pathumwan Project and the ASAI Chinatown Project, along with acquisition and disposal of the Company's assets in

relation to the Dusit Thani Maldives hotel project, and the subscription for the newly-issued investment units of the DREIT. As a result, the Company has the duty to undertake the following acts:

- (a) to prepare a report for and disclose the information memorandum in accordance with the Notifications on Asset Acquisition and Disposal immediately upon the entering into of the asset acquisition transactions;
- (b) to appoint an independent financial advisor to provide opinions to the shareholders of the Company regarding the asset acquisition transactions, and deliver such opinions to the shareholders of the Company together with the notice summoning a shareholders' meeting;
- (c) to deliver the notice summoning a shareholders' meeting to the shareholders at least 14 days in advance, containing the information required by the Notifications on Asset Acquisition and Disposal; and
- (d) to convene a shareholders' meeting in order to approve the entering into of the asset acquisition transactions, whereby the resolutions must be passed by votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, without counting the votes cast by any interested shareholders.

The Company will propose that the shareholders' meeting, which will be convened on 26 April 2019, consider and approve the entering into of an asset acquisition and disposal transaction in relation to the Pathumwan Project and the ASAI Chinatown Project.

In addition, the Company has appointed Jay Capital Advisory Limited, as an independent financial advisor to provide opinions regarding the asset acquisition and disposal transactions of in respect of the Pathumwan Project and the ASAI Chinatown Project with the details set out in Attachment No. 8.

In this regard, the Company would like to inform you of the information in relation to the Pathumwan Project and the ASAI Chinatown Project as follows:

1. Information Memorandum in accordance with List 2

1.1 Transaction Date

After the Company has been granted approval from the shareholders' meeting to enter into the relevant transactions:

(a) The Pathumwan Project

The Company will sublease certain areas in the Area in Baan Rajprasong Building and purchase the assets located in such areas from Baan Rajprasong Public Company Limited in order to operate hotel business, long-term lease business, restaurant business and other businesses, whereby the Company expects that the registration of the sub-lease agreement and the transactions in relation to the Pathumwan Project will be completed by 30 April 2019.

(b) The ASAI Chinatown Project

The Company will register the usufruct right over the Area in I'm Chinatown Building, utilize the common area of I'm Chinatown Building, and purchase the assets (Furniture, Fixtures and Equipment (FF&E)) located in the Area in I'm Chinatown Building from I'm Chinatown Co., Ltd. in order to operate the hotel business and other businesses, whereby the Company expects that the transactions in relation to the ASAI Chinatown

Project will be completed upon the completion of all conditions precedent which are expected to be completed by December 2019.

In this regard, as the entry into to the Pathumwan Project and the ASAI Chinatown Project must be approved by the shareholders' meeting of the Company, where the shareholders' meeting does not approve the entry into such projects, the Company may cancel the entry into such projects without payment or penalty to the counterparty.

1.2 Relevant Parties and Relationship with the Company

(a) The Pathumwan Project

Sub-lessor: Baan Rajprasong Public Company Limited.

Sub-lessee: the Company

Relationship with the Company: No relationship with the Company.

(b) The ASAI Chinatown Project

Grantor: I'm Chinatown Co., Ltd.

Receiver: the Company

Relationship with the Company: No relationship with the Company.

1.3 Characteristics of the transaction

(a) The Pathumwan Project

The Company will sublease the Area in Baan Rajprasong Building for a period of 19 years and purchase the assets located in such area from Baan Rajprasong Public Company Limited in order to operate the hotel business and other businesses. In this regard, the total consideration that the Company shall pay to Baan Rjaprasong Public Company Limited shall not exceed THB 740,000,000.

Sub-lessor	Baan Rajprasong Public Company Limited
Sub-lessee	The Company
Sub-leased property	Please see the details in Item 1.4 (a)
Term of sub-lease	Approximately 19 years from the date of registration of the sub-lease agreement.
Consideration	Not exceeding THB 740,000,000. The Company is required to pay the rental fee to the sub-lessor on the date that the registration of the sub-lease agreement is completed.

Conditions Precedent in entering into the sub-lease agreement	<p>The Company will sublease the subleased property only when the following conditions are completed:</p> <ol style="list-style-type: none"> 1. The owner of the subleased property allows the Company to have the step-in right to remain in the subleased property in case where the sub-lessor fails to pay the rent to the owner; and 2. The sub-lessor has provided the collateral to the satisfaction of the Company.
Responsibilities of the Sub-lessee	<p>The sub-lessee shall comply with the terms and conditions as specified in the sub-lease agreement, which includes the duties to use the sub-leased property in accordance with the purpose of such agreement.</p>
Termination and Damages	<ol style="list-style-type: none"> 1) The sub-lessor has the right to terminate the sub-lease agreement by giving a written notice and/or filing a complaint against the sub-lessee to perform its duties under the sub-lease agreement and/or claim damages from the sub-lessee, if any events occurs, which constitutes an event of default by the fault of the sub-lessee. 2) The sub-lessee has the right to terminate the sub-lease agreement by giving a written notice and/or file a complaint against the sub-lessor to perform its duties under the sub-lease agreement and/or claim damages form the sub-lessor, if any events occurs, which constitutes an event of default by the fault of the sub-lessor. 3) The sub-lease agreement shall be automatically terminated upon the following events: <ol style="list-style-type: none"> a) The expiration of the sub-lease agreement. b) The parties mutually agree to terminate the agreement. c) The sub-lessor has no right to use or possess the leased property due to the termination of the master lease agreement. <p>However, if the sub-lease agreement is terminated due to the fault of the sub-lessor, the sub-lessor shall pay the rental fee in proportion to the remaining sublease period to the Company.</p>

(b) The ASAI Chinatown Project

The Company will register the usufruct right over the Area in I'm Chinatown Building, utilize the common area in I'm Chinatown Project for a period of 32 years (under 2 Usufruct Agreements) and purchase the assets located in the Area in I'm Chinatown Building from I'm Chinatown Co., Ltd. in order to operate the hotel business and other businesses with a total value of THB 954.30 million.

Grantor	Please see the details in Item 1.2 (b)
Receiver	The Company
Property	The usufruct right of some areas from the 4 th to 8 th floor, Building A which is in the I'm Chinatown Project (approximately 8,992.50 square meters)
Usufruct Term	Approximately 32 years (under 2 Usufruct Agreements)
Considerations	<p>THB 954.30 million, details of which are as follows:</p> <ol style="list-style-type: none">1. Usufruct fee (under 2 Usufruct Agreements for a total period of 32 years) in the amount of THB 623.79 million.2. Fee for utilization of the common area in I'm Chinatown Building according to the Service Agreement of Common Area and Assets in the amount of THB 179.29 million.3. Investment fee in the FF&E in ASAI Chinatown Project according to the FF&E Purchase Agreement in the amount of THB 151.22 million. <p>The Company has paid the payment for this investment in the amount of THB 190.86 million, and placed such amount in an escrow account. Such monies will be paid to I'm Chinatown Co., Ltd. upon the completion of the following:</p> <ol style="list-style-type: none">1. The shareholders meeting of the Company has passed a resolution granting approval to proceed with this transaction according to the conditions and terms specified in the Usufruct Agreements.2. The Company and the Grantor have mutually signed the Usufruct Agreements, the FF&E Purchase Agreement and the Services Agreement of Common Area and Assets. <p>The remaining portion of considerations is under the negotiation process between the Company and the Grantor.</p>

Annual Service Fee	THB 2.60 million per year, with the growth rate of 2.25 percent per annum.
Termination Events and Termination Results	<p>The Company has the right to terminate the agreements, if any of the following events occurs.</p> <ol style="list-style-type: none"> 1. Both parties do not enter into the relevant agreements, and the Company's shareholders meeting does not pass a resolution granting its approval to proceed with this transaction by 30 April 2019. 2. The Grantor is unable to deliver the possession of the assets, which will be completely constructed and decorated, to the Company by 30 September 2019. 3. The hotel management agreement of I'm Chinatown Project entered into with the existing hotel manager is not terminated, without recourse to legal action, by 31 May 2019. 4. All conditions precedent are not completed by 31 December 2019. 5. The Grantor breaches the agreements, and does not remedy such breach within 30 (thirty) days from the date of receipt of the notice from the Company. <p>Upon the occurrence of termination events of the Usufruct Agreements, and other related agreements as mentioned above, the Company will return to the Grantor, within 60 days from the end of the agreements, the assets in good condition, apart from normal wear and tear, together with the components and fixtures of such assets, (excluding furniture and equipment which are not a component part which the Company has procured for decoration purposes. In addition, the Grantor agrees to repay the considerations and the service fees which have been paid by the Company in advance, including the basic compensation due to the procurement of furniture and equipment, in the amount equal to the total considerations and service fees which have been paid by the Company in advance, which will be calculated on a daily basis of the remaining unused term of the usufruct.</p>

The Company and the Grantor are currently negotiating the terms and conditions of the agreements. Thus, the terms and conditions of the agreements are subject to revision and change by the parties.

1.4 Details of assets to be purchased or disposed of

(a) The Pathumwan Project*

The Company will sublease certain areas in the Area in Baan Rajprasong Building located at No. 3 Soi Mahardlekluang 3, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok Metropolis. The Company will sublease the areas from the 3rd to the 12th and the 12A floor and other areas in Baan Rajprasong Building, with a total area of 9,499.56 square meters, for a period of approximately 19 years from the date of the registration of the sub-lease agreement until 31 October 2038. In addition, the Company will purchase the assets located in the Area in Baan Rajprasong Building such as furniture and decorative accessories in order to use such assets in operating the hotel business and other businesses.

(b) The ASAI Chinatown Project*

The grantor of the usufruct right will register the usufruct right over the areas from the 4th floor to the 8th floor in the building, which consists of 9-floors within the building and 6-basement floors, located at No. 527 Charoenkrung Road, Pom Prap Sub-district, Pom Prap Sattru Phai District, Bangkok Metropolis, with a total area of approximately 8,992.50 square meters, for a total period of 32 years (under 2 Usufruct Agreements) to the Company. Furthermore, the Company will also purchase the assets located in the Area in I'm Chinatown Building such as furniture and decorative accessories in order to use such assets in operating the hotel business and other businesses.

Remarks: For the Pathumwan Project, the Company has entered into the sublease agreement of the Area in Baan Rajprasong Building and other relevant agreements dated 26 March 2019.

For the ASAI Chinatown Project, the Company and the parties involved are in the process of negotiating the terms of the relevant contracts which may be subject to change the details.

1.5 Calculation of transaction value

(a) The Pathumwan Project

Comparison Basis	Calculation Procedures	Value (%) based on the audited Consolidated Financial Statements ending 31 December 2018
1. Net Tangible Asset (NTA) Basis	Not applicable, as it is a case of sublease of property	N/A
2. Net Profit Basis	Not applicable, as it is a case of sublease of property	N/A

Comparison Basis	Calculation Procedures	Value (%) based on the audited Consolidated Financial Statements ending 31 December 2018
3. Total Value of Consideration Basis	$\frac{740,000,000 * 100}{11,573,045,611}$	6.39
4. Value of securities issued by the Company as consideration for the Acquired Assets Basis	Not applicable, as there is no issuance of new securities	N/A

(b) The ASAI Chinatown Project

Comparison Basis	Calculation Procedure	Value (%) based on the audited Consolidated Financial Statements ending 31 December 2018
1. Net Tangible Asset (NTA) Basis	Not applicable, as it is a case of usufruct of property	N/A
2. Net Profit Basis	Not applicable, as it is a case of usufruct of property	N/A
3. Total Value of Consideration Basis	$\frac{1,000,000,000 * 100}{11,573,045,611}$	8.64
4. Value of securities issued by the Company as consideration for the Acquired Assets Basis	Not applicable, as there is no issuance of new securities	N/A

1.6 Total Value of Consideration and Value of Assets Acquired

(a) The Pathumwan Project

After the Company has been granted approval from the shareholders' meeting to enter into the Pathumwan Project, the Company must pay the consideration for the sublease of the area and the assets in the Area in Baan Rajprasong Building in the amount not exceeding

THB 740,000,000 as a remuneration for the sublease of the building and the transfer of the assets in the Area in Baan Rajprasong Building.

(b) The ASAI Chinatown Project

After the Company has been granted approval from the shareholders' meeting to enter into the ASAI Chinatown Project, the Company must pay an approximate amount of THB 954.30 million as a consideration for receiving the usufruct right, the utilization of the assets and the investment in the FF&E, which are related to the operations of ASAI Chinatown Project.

1.7 Criteria used in calculating the value of consideration

(a) The Pathumwan Project

The determination of the value of consideration for the Pathumwan Project for the amount of not exceeding THB 740,000,000 is calculated based on discussions between the parties based on future income using the Discounted Cash Flow method.

In addition, the Company has hired an independent appraiser, namely Jay Capital Advisory Limited, who has been approved by the Office of the Securities and Exchange Commission, and independent from the Company, as the independent financial appraiser of such assets, to provide an opinion to the shareholders of the Company, on the reasonableness of the consideration and the conditions of the transactions, in considering the entry into the acquisition of the assets by the Company.

(b) The ASAI Chinatown Project

The determination of the value of consideration for the ASAI Chinatown Project for the approximate value of THB 954.30 million is calculated based on discussions between the parties based on future income using the Discounted Cash Flow method.

In addition, the Company has hired an independent appraiser, namely Jay Capital Advisory Limited, who has been approved by the Office of the Securities and Exchange Commission, and independent from the Company, as the independent financial appraiser of such assets, to provide an opinion to the shareholders of the Company, on the reasonableness of the consideration and the conditions of the transactions, in considering the entry into the acquisition of the assets by the Company.

1.8 Expected Benefits to the Company

The entering into of the transactions in relation to the Pathumwan Project and the ASAI Chinatown Project will be beneficial to the Company as the long-term utilization of buildings to operate the hotel business, restaurant business and any other businesses, will help the Company to create and maintain consistent revenues during the development and construction of the new Dusit Thani hotel, which is in accordance with the Company's strategic plan.

1.9 Source of Funds

In entering into such transactions, the Company shall use the cash flow within the Company as the source of funds and/or shall procure other sources of funds as necessary and appropriate, such as procurement of loans from financial institutions or the issuance and offer for sale of debentures, etc.

1.10 Opinion of the Board of Directors on the entering into of the transactions

After due consideration, the Board of Directors was of the view that the entry into the transactions in relation to the Pathumwan Project and the ASAI Chinatown Project would be a channel to generate consistent income for expanding the Company's business, which will generate returns and add value to the Company and shareholders in the long term.

1.11 Opinions of the Audit Committee and/or directors of the Company which are different from those of the Board of Directors in Item 10

No directors provided opinions which were different from those of the Board of Directors as specified in Item 10.

2. Responsibility of the Board of Directors with respect to the information set out in documents delivered to the shareholders

The Board of Directors authorized the Board of Directors or Chairman of the Executive Directors or Group Chief Executive Officer, to undertake any act relevant to the transactions in relation to the Pathumwan Project and the ASAI Chinatown Project, including the preparation of this Information Memorandum. The Board of Directors has verified the information contained herein with prudence and hereby certifies that the information in this Information Memorandum is complete, comprises no false statement, contains no misleading statements or omission of notification of any facts that are material.

3. Qualifications of the independent financial advisor appointed to provide opinion on the entering into the transaction

3.1 Qualifications of Independent Financial Advisor

Jay Capital Advisory Limited, has been appointed as the Independent Financial Advisor to give its opinion to the shareholders of the Company on the rationale and benefits of the entry into the asset acquisition transactions of the Company. Jay Capital Advisory Limited, is a financial advisor recognized by the SEC Office; it does not hold any share in the Company or its subsidiary; does not have any other relationship with the Company or its subsidiary; and agrees to disclose the report of its opinion.

3.2 Opinion of Independent Financial Advisor

Please consider the Report of Independent Financial Advisor on the entering into of the asset acquisition and disposal transactions of the Company dated 24 March 2019, attached with the notice calling the Annual General Meeting of Shareholders No. 26/2019 (Attachment No. 8).

4. Indebtedness of the Company

The indebtedness of the Company can be detailed as follows:

4.1 Total amount of debt instruments having been issued and those not having been issued pursuant to the resolution of the shareholders meeting which authorises the Board of Directors of the listed company to consider issuing them for sale as it deems appropriate

4.1.1 The debt instruments which have been offered for sale:

As at 31 December 2018, the Company has issued and offered for sale the debentures as per the following details:

1) Debentures of the Company No. 1/2018 Due 2021

Type of Debenture	:	Unsubordinated and Unsecured Debentures with a Debentureholders' Representative in the Name-Registered Certificate
Placement type	:	Placement to institutional investors and high net worth investors (II&HNW)
Term of Debenture	:	3 years from the issuing date
Total Value of Debentures	:	THB 1,000,000,000
Amount of Offered Debenture	:	1,000,000 units
Par value	:	THB 1,000
Offering Price per Unit	:	THB 1,000
Issuing Date	:	13 September 2018
Maturity Date	:	13 September 2021
Interest Rate	:	Fixed rate at 3.50 % per year for the entire term of the Debenture
Repayment of Principal	:	One time repayment on the maturity date
Interest payment	:	Payment of Debenture Payment will be made every 6 (six) month on 13 March and 13 September for the entire term of the Debenture
Registrar and Debentureholders' Representative	:	Bank of Ayudhya Public Company Limited
Credit Rating	:	"BBB+" by TRIS Rating Co., Ltd.

4.1.2 Debt instrument not having been issued

The Company has unissued debentures at the amount of not exceeding Baht 4,000 million or equivalent in any other currency (pursuant to the resolution of the Annual General Meeting of Shareholders No. 25/2018).

4.2 Total balance of term loans

As of 31 December 2018, the Company and subsidiaries have term loans from financial institutions in the amount of THB 769 million. The Company has guaranteed such loan of a subsidiary in overseas in the amount not exceeding USD 29.25 million (or approximately THB 949 million). The subsidiary also has loan from other party in the amount of THB 73 million.

4.3 Total balance of other liabilities

As of 31 December 2018, the Company and subsidiaries have bank overdrafts and short-term loans from financial institutions in the amount of THB 167 million.

4.4 Contingent liabilities

As of 31 December 2018, the Company and subsidiaries have capital commitments – hotel renovation totaling THB 379 million.

5. Information of the Company

5.1 General Information of the Company

Company Name	Dusit Thani Public Company Limited
Address	No. 319 Chamchuri Square Building, 29th Floor, Phayathai Road, Pathumwan Bangkok 10330
Telephone No.	02-200-9999
Registered Capital	THB 850,000,000
Paid-up Capital	THB 850,000,000, divided into 850,000,000 shares

5.2 Information of nature of business operations and business trends of the Company, its subsidiaries, and its affiliates

5.2.1 Nature of business operations of the Company, its subsidiaries, and its affiliates

The Company is engaged in hospitality services which include the operations of owned hotels, providing hotel management services under trademark licensing of “Dusit Thani”. The Company also engages in education business, Mix-Used Property Development Project and other businesses. Details of which are as follows:

Company	Nature of Operations
Hotel and Hotel Management Business	
Dusit Thani Public Company Limited	<ul style="list-style-type: none"> - Owns hotel brands “Dusit Thani”, “Dusit Devarana”, “dusitD2”, “Dusit Princess”, “Dusit Residence” and “ASAI HOTELS” - Owns spa brands “Devarana Spa”, “Namm Spa”, “DVN Spa”, “d v n urban” and “dvn” - Owns and operates hotels; Dusit Thani Bangkok, Dusit Thani Pattaya and Asai Sathorn* - Manages 5 hotels under its subsidiaries in Thailand; (1) Dusit Thani Laguna Phuket, (2) dusitD2 Chiang Mai and (3) Dusit Thani Hua Hin. All three hotels are managed under Dusit Management Co., Ltd., (4) Dusit Princess Srinakarin and (5) Dusit Princess Chiang Mai. All two hotels are managed under Dusit Thai Properties Public Company Limited. - Manages hotels in Thailand and overseas; dusitD2 Khaoyai, dusitD2 Aonang Krabi, and Dusit Laguna Villa Resort Phuket* Grants trademark and license to 2 hotels; Dusit Thani Krabi Beach Resort and Dusit Princess Moonrise Beach Resort Phu Quoc, Vietnam <p>Remark * will be operated in the future</p>

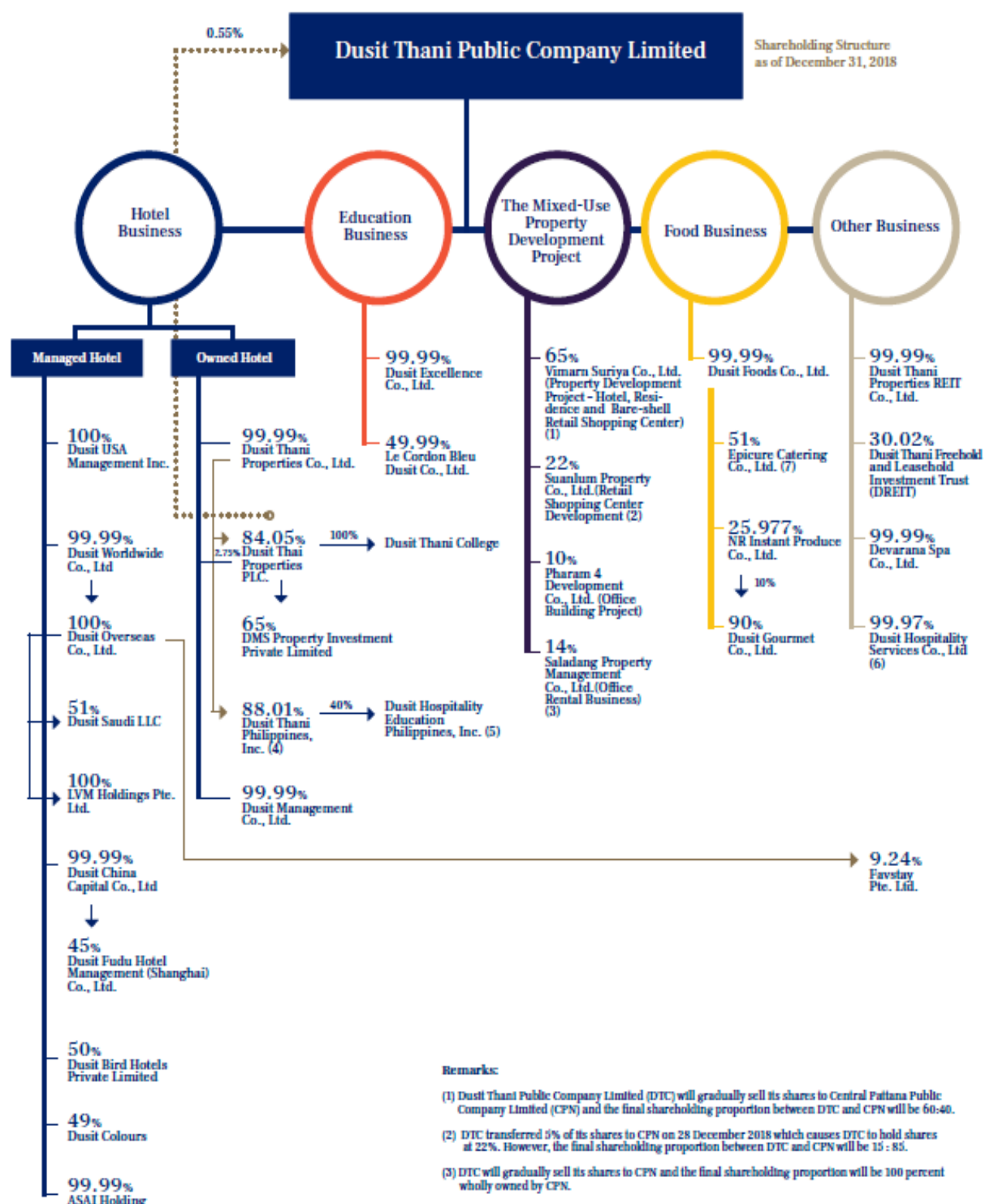
Company	Nature of Operations
Dusit Thani Philippines, Inc. (Formerly known as Philippine Hoteliers, Inc.)	<ul style="list-style-type: none"> - Owns one hotel in the Philippines; Dusit Thani Manila which is managed by Dusit Worldwide Co., Ltd. - Manages 4 hotels; Dusit Princess Lipa City*, Asai Cebu City*, Asai Mactan Cebu* and Asai Oslob Cebu* <p>Remark * will be operated in the future</p>
Dusit Thai Properties Public Company Limited	<ul style="list-style-type: none"> - On April 1, 2009, Royal Princess Public Company Limited and Dusit Hotels and Resorts Company Limited were merged as Dusit Thai Properties Public Company Limited. - Owns brand “Royal Princess”. - Owns land and hotel building of Dusit Thani Hua Hin. - Owns Dusit Princess Chiang Mai, Dusit Princess Srinakarin - Grants trademark and license to 2 hotels; Pathumwan Princess Hotel and Royal Princess Larn Luang.
Dusit Overseas Co., Ltd.	<ul style="list-style-type: none"> - Manage hotels 6 hotels in overseas; Dusit Thani Abu Dhabi, Dusit Thani Dubai, Dusit Thani Lakeview Cairo and dusitD2 Nairobi, dusitD2 Thimphu Bhutan, Asai Yangon* - Grants trademark and license to dusitD2 Kenz <p>Remark *will be operated in the future</p>
Dusit Management Co., Ltd.	<ul style="list-style-type: none"> - An established juristic person for hotel operation for Dusit Thani Laguna Phuket, dusitD2 Chiang Mai and Dusit Thani Hua Hin to support the property management of Dusit Thani Freehold and Leasehold Real Estate Investment Trust.
DMS Property Investment Private Limited	<ul style="list-style-type: none"> - Owns Dusit Thani Maldives, which is under management agreement with Dusit Worldwide Co., Ltd.
Dusit USA Management, Inc.	<ul style="list-style-type: none"> - A juristic person which is registered in Delaware, U.S.A. for hotel management business in U.S.A. - Manages Dusit Thani Guam.
Dusit Fudu Hotel Management (Shanghai) Co., Ltd.	<ul style="list-style-type: none"> - Manages hotels in the Republic of China; dusitD2 Fudu Binhu Changzhou, Dusit Thani Fudu Qingfeng Changzhou, Dusit Thani Dongtai, Jiangsu, Dusit Devarana Hot Spring and Spa Conghua Guangzhou, Heritage Villa Zhouzhuang managed by Dusit and dusitD2 Society Hill Tianjin

Company	Nature of Operations
Dusit Bird Hotels Private Limited	<ul style="list-style-type: none"> - A Joint Venture company between Dusit Thani Public Company Limited and Bird Hospitality Services Private Limited (India) for hotel management in India. - Due to different strategic investment plan between the Company and Bird Hospitality Services Private Limited (India), in 2016, both companies mutually agreed to close down their joint venture and it has been underway. - The Board of Director Meeting of Dusit Thani Public Company Limited No. 5/2018 held on 23 March 2018 approved the sale of investment of Dusit Bird Hotels Private Limited amounting 1,430,000 shares equal to 50% of a total registered and sold shares of Dusit Bird Hotels Private Limited.
Dusit Saudi LLC	<ul style="list-style-type: none"> - A Joint Venture company between Dusit Overseas Company Limited and Dyar Hotels and Resorts Limited for hotel management in Saudi Arabia, the Middle East and North Africa.
Dusit Worldwide Co., Ltd.	<ul style="list-style-type: none"> - The group's regional operating headquarters provides hotel management services to the foreign companies such as Dusit Thani Manila and Dusit Thani Maldives and the hotels under the management of Dusit Overseas Co., Ltd. - Provides the marketing services to the hotels in Thailand and overseas for the affiliated companies.
Dusit China Capital Co., Ltd.	<ul style="list-style-type: none"> - Holds shares in Dusit Fudu Hotel Management (Shanghai) Co., Ltd.
Dusit Thani Properties Co., Ltd. (Formerly known as Dusit Thani International Co., Ltd.)	<ul style="list-style-type: none"> - Invests in other companies
Dusit Colours Co., Ltd.	<ul style="list-style-type: none"> - Provides the technical management consultancy related to hotel, serviced apartment, property, restaurant, spa, and other related businesses as a rented franchise and/or owns its business in Japan.
ASAI Holdings Co., Ltd.	<ul style="list-style-type: none"> - Provides hotel services, hotel management business and invests in other businesses.
LVM Holdings Pte Ltd.	<ul style="list-style-type: none"> - Invests in other companies engaging in the business of marketing, booking and full-service management of luxury villas under Elite Havens brand in Thailand and other countries.
Education Business	
Dusit Thani College	<ul style="list-style-type: none"> - An educational institution offering courses in hotel management and administration.

Company	Nature of Operations
Dusit Thani Excellence Center	- A center of extension that introduces of the curriculum and knowledge of Dusit Thani College combined with the actual experience of the hotel and culinary business of the Dusit Thani Group in order to maximize the wide benefits by opening a short-term training course
Le Cordon Bleu Dusit Co., Ltd.	- A French style culinary school
Dusit Hospitality Management College under the management of Dusit Hospitality Education Philippines, Inc.	- Operates an educational business in the Philippines.
Dusit Excellence Co., Ltd. (Former known as Dusit Thani Hotel Studies Co., Ltd.)	- Operates rental properties
Property Development Project Business	
Vimarn Suriya Co., Ltd.	- Operates property development business, hotels, residences and constructions and shopping complex
Suanlum Property Co., Ltd.	- Operates shopping complex development business.
Phraram 4 Development Co., Ltd.	- Operates office building development business.
Saladang Property Management Co., Ltd.	- Operates rental office business.
Food Business	
Dusit Foods Co., Ltd.	- Invests in other companies
Dusit Gourmet Co., Ltd.	- Provides marketing to food products under Dusit brand
Epicure Catering Co., Ltd.	- Provides services in foods and beverages
NR Instant Produce Co., Ltd.	- Manufactures and distributes seasonings and instant food products
Other related businesses	
Dusit Thani Public Company Limited	- Owns and operates the office building for rent named Dusit Thani Building
Devarana Spa Co., Ltd.	- Operates spa business

Company	Nature of Operations
<p>Dusit Thani Freehold and Leasehold Real Estate Investment Trust (DREIT)</p> <p>(Formerly known as Dusit Thani Freehold and Leasehold Property Fund (DTCPF))</p>	<ul style="list-style-type: none"> - The properties of Dusit Thani Freehold and Leasehold Property Fund (DTCPF), the owner of Dusit Thani Laguna Phuket project, dusitD2 Chiang Mai Project, Leasehold of Dusit Thani Hua Hin project have been transferred to Dusit Thani Freehold Real Estate Investment Trust (DREIT), which its shares are held by the Company at 30.02% - Owns 2 hotels; Dusit Thani Laguna Phuket and dusitD2 Chiang Mai. - Owns a leasehold at Dusit Thani Hua Hin.
Dusit Thani Properties REIT Co., Ltd.	- The REIT Manager of Dusit Thani Freehold and Leasehold Real Estate Investment Trust
Dusit Hospitality Services Co., Ltd.	- Provides hospitality services such as outside catering, cleaning service, restaurant, hotel pre-opening.

5.2.2 Shareholding Structure of the group companies as of 31 December 2018



Remarks:

- (1) Dusit Thani Public Company Limited (DTC) will gradually sell its shares to Central Pattana Public Company Limited (CPN) and the final shareholding proportion between DTC and CPN will be 60:40.
- (2) DTC transferred 5% of its shares to CPN on 28 December 2018 which causes DTC to hold shares at 22%. However, the final shareholding proportion between DTC and CPN will be 15 : 85.
- (3) DTC will gradually sell its shares to CPN and the final shareholding proportion will be 100 percent wholly owned by CPN.
- (4) Dusit Thani Philippines, Inc. is formerly known as Philippines Hoteliers, Inc.
- (5) Dusit Hospitality Education Philippines, Inc. is formerly known as Philippines Hoteliers International Center for Hospitality Education, Inc.
- (6) Dusit Hospitality Services Co., Ltd. was registered on 8 January 2019.
- (7) The first investment was 51% in January 2019. The second investment will be 19% in early 2020.

5.3 Summary of financial information, as well as the explanation and analysis of financial conditions and operating results for the past years

5.3.1 Summary of financial conditions and the operating results for the years 2016–2018

	Year 2016	Year 2017	Year 2018
Financial position (in Thousand Baht)			
Total assets	9,032,977	9,979,866	11,573,046
Total liabilities	3,678,888	4,099,149	5,494,911
Equity - the Company	4,588,981	4,823,537	4,970,782
Performance (in Thousand Baht)			
Total revenues	5,425,132	5,569,666	5,564,767
Revenues from sales and services	4,974,352	4,722,927	4,632,682
Cost of sales and services	2,915,209	2,801,253	2,745,836
Depreciation and amortization	661,689	592,048	462,478
Total expenses	1,706,870	1,765,095	1,920,510
Net profit - the Company	114,121	267,038	289,838
Net profit	152,915	332,369	350,256
Ratios per share ^{/1} (Baht)			
Net profit - the Company	0.14	0.32	0.34
Dividend	0.10	0.16	0.17
Book value	5.43	5.71	5.88
Number of shares (million shares)	850.00	850.00	850.00
Financial ratios (%)			
Net profit margin	2.10	4.79	5.21
Return on equity	2.49	5.67	5.92
Return on assets	2.33	4.94	4.65
Leverage ratio			
Interest-bearing debt to equity ratio (times)	0.37	0.35	0.40
Debt to Equity Ratio (times)	0.80	0.85	1.11
Interest coverage ratio (times)	14.66	14.51	14.01

5.3.2 Performance

Operation Result by Business

In FY2018, the Company reported the total revenue of THB 5,565 million, same level as FY2017, detailed as follows:

Unit: THB mn	Revenue breakdown				EBITDA breakdown			
	FY18	FY17	Change		FY18	FY17	Change	
Hotel business	4,626	4,590	36	0.8%	894	852	42	4.9%
Education business	425	442	-17	-3.8%	43	50	-7	-14.0%
Others	514	538	-24	-4.5%	62	197	-135	-68.5%
Total	5,565	5,570	-5	-0.1%	1,000	1,099	-99	-9.0%

Hotel Business, Education Business and Other Business accounted for 83.2%, 7.6% and 9.2% of total revenue, respectively.

Hotel Business

In FY2018, Revenue from Hotel Business was THB 4,626 million, in the same level as FY2017.

- **Owned Hotels**

	FY18	FY17	% Change
Occupancy %	77.1%	73.3%	5.1%
ADR (THB/night)	3,548	3,597	-1.4%
RevPar (THB/night)	2,734	2,636	3.7%

Remark: Hotel statistics exclude Dusit Princess Korat (“DPKO”) for comparative purpose

Owned Hotels reported revenue in FY2018 of THB 4,364 million, slightly decreased of 0.6 yoy, excluding Dusit Princess Korat owned hotels increased by 1.4%.

- Revenue from Owned Hotels in Thailand, excluding Dusit Princess Korat Hotel, decreased by 0.5% yoy. The growth was mainly driven by an increase in revenue from Dusit Thani Laguna Phuket, Dusit Princess Srinakarin and Dusit Thani Huahin resulting from higher occupancy rate.
- Revenue from Overseas Hotels was up by 5.3% yoy despite an adverse impact on the translated financial statements from foreign currency exchange due to Thai Baht appreciate against US Dollars and Philippines Peso since the beginning of the year. Dusit Thani Maldives Hotel reported an increase in revenue driven by higher average room rate per night (in USD currency) and higher occupancy rate from the main source countries: China, Russian and Korea. Dusit Thani Manila Hotel reported 9.1% revenue growth (in Peso currency) driven by an expanding room inventory after the completion of hotel renovation.

- **Hotel Management**

Revenue from Hotel Management in FY2018 was THB 277 million, an increase of 27.7% yoy, from revenue from Elite Heaven and a stronger operational performance of Dusit Thani LakeView Cairo, Dusit D2 Hotel Khao Yai and Dusit D2 Nairobi Hotel.

- **Share of Losses from Investment**

Share of losses from investment for FY2018 was THB 15 million, a lower loss of THB 2 million from FY2017. This was due to operational performance of Dusit Fudu Hotel Management (Shanghai) Company Limited in China which mainly from technician service income 36% of total revenues. FY2018 Dusit FUDU was signed 5 more technician service agreement from 2017.

EBITDA of Hotel Business in FY2018 was THB 894 million, an increase of 4.9% from FY2017 mainly from increase of revenue and reduce of loss sharing from investment.

Depreciation and Amortization in FY2018 was THB 416 million, a decrease of 22.4% from that in FY2017, as some assets under Dusit Thani Bangkok Hotel and Dusit Thani Pattaya Hotel have been fully depreciated. In addition, this was due to a decrease in depreciation expenses from Dusit Princess Korat as a result of the asset disposal in late 2017.

Education Business

FY2018, the total revenue from Education Business including share of profit from investment was THB 425 million, falling by 3.8% yoy, owing to a decrease in revenue from Dusit Thani College and the increase in share of losses from investment in Dusit Hospitality Education Philippines Inc. from increase in personnel cost in preparation for new college opening in 2019.

EBITDA of Education Business was THB 43 million, declining by 14.0% yoy.

Other Businesses

FY2018, revenue from Other Businesses was THB 514 million decreased by 4.5% yoy, contributed by the difference of FY2017 THB 90 million of lease right assignment fee, THB 325 million gain on sales Dusit Princess Korat while FY2018 THB 169 million gain on sales of long-term investment which was invested in 1Q18, THB 38 million gain on sales of investment in LRH in 2Q18, THB 160 million gain on sales of investment and an increase in share of profits from an investment in DREIT and Food Business.

EBITDA from Other Businesses was THB 62 million decreased by 68.5%, mainly attributable to the aforesaid drivers.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

FY2018 EBITDA was THB 1,000 million, decreased of 9.0% yoy. This was mainly contributed by gain on sales Dusit Thani Korat and assignment fee in FY2017 despite sales of investment FY2018.

The Company reported Finance Cost of THB 65 million, increased by 10.1% yoy, due to interest from debenture which issued on Q3 of 2018.

FY2018, the Company reported net profit of THB 290 million, increase by THB 23 million or 8.6% voy.

Total Assets

Period	Non-Current Assets	Current Assets	Total Assets
31 Dec 18	8,956	2,617	11,573
31 Dec 17	7,701	2,279	9,980

Total Liabilities and Equity

Period	Total Equity	Non-Current Liabilities	Current Liabilities	Total Liabilities and Equity
31 Dec 18	6,078	3,561	1,934	11,573
31 Dec 17	5,881	2,325	1,774	9,980

As of 31 December 2018, the Company reported total assets of THB 11,573 million, an increase of THB 1,593 million or 16.0% from 31 December 2017.

- Current assets increased by THB 338 million due to an increase in account receivables and advance to villa owner
- Non-current assets increased by THB 1,255 million mainly from an increase of investment in associate NRIP and investment in subsidiaries, LVM Holdings Pte. Ltd. under intangible assets, trademarks and goodwill.

As of 31 December 2018, the Company reported total liabilities of THB 5,495 million, an increase of THB 1,397 million or 34.1% from 31 December 2017.

- Current Liabilities increased by THB160 million due to employee benefit obligation, trade payable, other payable and acquisition payable which due on next year offset with repayment of loan repayment.
- Non-Current Liabilities increased by THB 1,236 million, mainly from bond issuance in September 2018 and deposit received for building lease, following an agreement for the development of mix-used project.

As of 31 December 2018, Shareholders' Equity was THB 6,078 million, an increase of 3.3% from 31 December 2017, consisting of the equity attributed to owners of the parent of THB 4,971 million, and the non-controlling interest of THB 1,107 million.

5.3.3 Risk Factors which may affect Profits of the Company

The Company has, throughout 2018, continued to manage risks via its established structure. However, there can still be other unprecedented risks or those deemed unlikely to materialize in the near future. Therefore, all risk information described herein this report is not exhaustive. Investors should also be aware of such unidentified risks and their potential impacts. A due consideration should also be given prior to arriving at any investment decision.

Strategic Risk

In line with its intention to ensure the sustainable growth of the Company and its subsidiaries, the organization's long-term strategies have been established with an emphasis on balancing, diversifying and expending businesses. However, the success of such strategies depends on several business environments—both internal and external factors—which are unprecedented and uncontrollable. Consequently, the Company is exposed to the risks of not being able to achieve the intended strategies which can be caused by:

- **Risk from Revenue Reliance on Hotel Business**

The Company's revenue are mainly contributed from its hotel business; while other businesses generate additional revenue at a lesser amount. In 2018, the revenue from hotel business accounts for 83.13% of the total revenues; whereas those of education and other businesses account for 7.64% and 9.23% respectively. Therefore, the Company's ability to generate revenues and profits may vary according to the health of its hotel business which is extremely volatile to economic, political and social uncertainties.

To cope with such risk, the Company has, since 2016, formed Investment and New Business Department to diversify and expand the Company's portfolio to other potential businesses. Dusit Food, for instance, was established in 2018 to leverage Dusit's food and beverage business.

As for the hotel business, the Company has still embarked on increasing its hotel management services overseas especially in those promising regions, Middle East –United Arab Emirates, Eastern Asia–China, South Asia –India, including Europe and Africa, all of which are deemed major emerging markets with high purchasing power and potential growth. This will also help ensure a proper balance of revenue streams which are currently dominated by domestic hotels.

- **Risk from Hotel Management Service**

The Company has continuously expended its hotel management service in both domestic and overseas locations under the management agreement terms of 5-15 years. Therefore, the Company and its subsidiaries are inclined to encounter with the risks caused by the premature cancellation of the agreement, the denial to renew the management contract or changes in related rules and regulations, which will impact the Company's gross revenues.

In 2017 and 2018, the Company and its subsidiaries earned 3.18% and 3.99% of the total revenue from hotel management service. However, in response to this risk, the Company has

leveraged its management standards—ranging from sales & marketing, operations, human resources and information technology—to ensure its work efficiency, to enhance competitiveness and to strengthen the brand recognition worldwide. Continuous efforts have also been put in nurturing a positive relationship with hotel owners. In addition, the Company and its subsidiaries have carefully considered adding new terms and conditions of the management agreement in order to reduce the impact from such risks

- **Risk from New Investment Projects**

Besides its hotel and education business expansion plan, the Company intends to venture into new businesses inside and outside Thailand. Therefore, the Company is exposed to various risks which are inherent to new business development projects—such as, not being able to find a new business/project in a desired location, project delay, joint venture risk or lower-than-expected return on investment. In addition, a considerable number of factors—be it economic, societal, political, competitive, consumer behavioral change and regulatory complexity—can affect the success of new projects. This includes the level of the Company’s expertise in managing new businesses.

Nevertheless, to mitigate such risks, the Company has developed prudent investment criteria. Feasibility studies for each project are conducted by external investment experts. Furthermore, the Company has established its own Investment & New Business Department to be in charge of new business development which is led by seasoned management team. Nevertheless, exit strategy is also developed as a contingency plan.

- **Risk from high competition**

Inarguably, Thailand’s hospitality and service industry has, in recent years, seen the increasingly high competition from both domestic and overseas hotel brands. Furthermore, the Company has also competed with international hotel chains, whose competitive advantages have been strengthened by acquiring or merging with their peer competitors. In addition, the already-intensifying competition has been aggravated by a variety of alternative accommodations—Airbnb, Timeshare Rental, Serviced Apartment and Homestay, for instance—which are gaining more popularity due to their price and flexibility to accommodate the need of customers. The dramatic growth of Online Travel Agents, Agoda, Booking.com and Expedia has, likewise, affected the Company’s market shares.

In response to such risks, the Company has placed great emphasis on accentuating its competitive advantages as being a pioneer of Thai centric 5-star hotels in the country. However, in order to remain competitive in the market, the Company has been renovating its hotel facilities on a regular basis. In terms of sales and marketing, regional offices have been opened in different locations, e.g., India, China, Hong Kong and Germany, to increase distribution channels as well as to enhance Dusit brand awareness. The company has also joined hand with well-known business partners and developed its customer loyalty program to understand—so that can retain—customers, all of which are to help enhancing the Company’s competitiveness.

- **Technology risk**

In nowadays markets, technology utilization in business plays a vital role in differentiating an organization from its competitors. Hospitality industry, likewise, cannot escape from this mobilization to survive in the fierce market. It can be seen that international hotel chains have put efforts in applying or introducing new technologies to reduce work process as well as to enhance customer experiences.

Therefore, the Company is exposed to the risk of not being able to utilize new technologies in a timely manner, resulting in the loss of opportunity or competitive advantage. This risk also includes the chance of choosing technologies that do not fit with the size or the need of the Company.

To mitigate such risks, the Company has developed IT Strategic Plan to support technological needs and leverage technological resources in order to achieve the Company's future goals. Moreover, an experienced management team is employed to analyze customer needs and behavior to develop IT programs that suit the nature of business. IT Committee was also established to ensure that all IT acquisitions will best serve the company and customers.

- **Risk from economic, political natural disaster and terrorism**

Hospitality industry is considered one of the most vulnerable businesses to external factors—economic recession, political uncertainty, natural disaster, terrorism, for instance—all of which are unpredictable and can impose detrimental impact to the Company. In order to minimize the impact, the Company has executed several mitigation strategies/plans as follows:

- Balancing business portfolio by diversifying its revenue streams via different business units—Hotel, Education Dusit Foods—for example;
- Expanding business location to other potential countries, especially in those promising regions such as Asia Pacific, Middle East, Europe and United States;
- Continuously expending its hotel management service to the locations with high potential and purchasing power both domestic and overseas locations;
- Putting into place business contingency plan and business continuity plan to address the unexpected to ensure business resilience and continuity in a timely manner;
- Purchasing multiple insurance plans—Industry All Risks, Political Violence and Business Interruption, for instance—to minimize business loss.

Operational Risks

The Company and its subsidiaries has continuously improved its working system and procedures to ensure the highest degree of efficiency in line with the Company's expansion. Nevertheless, the Company is exposed to the risk of not being able to execute such procedures due to various factors as follows:

- **Risk of Recruiting and Retaining Talents**

Owing to the country's increasing demand of manpower in hospitality industry coupled with the Company's strategy to expand its hotel management service, the

Company is exposed to the risk of recruiting and retaining qualified talents—both managerial and operational level—to accommodate the growth of the Company. Furthermore, as talent markets around the globe have become aggressive, the chance of the Company to lose its experienced and skillful talents over competitors is higher.

To mitigate the foreseen risks related to manpower demand, the Company has conducted a manpower need analysis and implemented Employee Development Plan as well as Succession Plan to accommodate the Company's future expansion within the specified timeframe. Besides, in order to be competitive in the labor market, salary and benefit surveys are conducted in comparison to those of competitors to review and adjust the company's salary structure on a regular basis. However, the Company has employed executives from well-known international and local hotel chains to leverage the Company's ability to compete in an international level.

- **Information Technology Risk**

The Company has a policy to collect and store customer information to be utilized for service improvement and to support decision making related to various operations. In addition, the Company has also invested in IT operating systems to help enhance the effectiveness of internal administration. Consequently, the Company is exposed to the risk of data breach or system interruption—either by natural catastrophe, system errors or manmade disasters.

To mitigate the aforementioned risks, the Company has timely backed up critical data and stored them offsite (Offsite Data Backup). Business Contingency Plan and Data Recovery Plan were developed and communicated to all concerned for practice. Besides, the Company has purchased—and therefore is insured under—Cyber Insurance to reduce the impact of loss caused by possible cybercrime.

Financial Risks

In response to its business expansion plan, it is vital that the Company's financial resources are sufficiently optimized and leveraged to ensure a balance between investments and returns as well as an ability to compete. However, in order to seek or increase its financial capital, the Company is exposed to financial risks as follows:

- **Interest Rate Risk**

As of 31 December 2018, the Company and its subsidiaries has current liabilities with financial institutions, worth in total of Baht 2,006.5 million, (of which Baht 1,000 million is from Corporate Bond with fixed interest) and are inclined to make additional loans for further renovation and new investment projects. Therefore, the Company is exposed to risks caused by the fluctuation of interest rate in the future. If so, it will subsequently have a direct impact upon the Company's performance and cash

flow. However, the Company has also been mitigating this risk by closely monitoring the fluctuation of interest rate to effectively manage such financial risk.

- **Credit and Financial Security Risk**

As of 31 December 2018, the Company and its subsidiaries have long-term loan worth in total of Baht 1,839 million, of which Peso 991.68 million belong to Dusit Thani Philippines, Inc (Formerly known as Philippine Hoteliers, Inc.) with the outstanding balance at Peso 655.92 million, of which USD 41.50 million is the long-term loan of the Company's subsidiary for the investment in Dusit Thani Maldives (the outstanding amount is USD 7.85 million) and of which Baht 115.45 million for the long-term loan of Dusit Thani Public Co., Ltd. (the outstanding amount is Baht 108.7 million).

For both long-term loans which are made under Peso and US Dollar, the Company has made an agreement with the creditors that throughout the loan period, the Company shall maintain its debt-to-equity ratio not more than 2:1 and 1.75:1 respectively. If the Company fails to abide with such obligation, it shall be deemed the Company in breach of loan agreement and the creditors may declare the loans to be canceled and any outstanding amounts under the agreement are immediately due and payable. If so, the Company and its subsidiaries cash flow and, ultimately, operation can be affected.

However, as of 31 December 2018, the Company has settled the aforementioned principals including the interests thereof in a timely manner. In addition, the Company has maintained its debt-to-equity ratio at 1.11:1, which is in accordance with the conditions stipulated in the loan agreement

Compliance Risks

- **Regulatory Compliance Risk**

As part of the good governance, the Company and its subsidiaries is committed to adhering to governing laws, rules and regulations of the countries in which the Company has operated—or to be operating in the future. The Company has also paid attention to the obtainment of all relevant permits and licenses. Nevertheless, due to regulatory complexity and changes that may be brought about unprecedentedly, the Company is still exposed to compliance risks especially when operating in an unfamiliar country or when expanding its educational business which is governed by numerous regulations.

To mitigate the said risks, the Company has enforced its auditing and compliance related functions to perform internal auditing on a regularly basis. This is to ensure that all permits and licenses are obtained; governing regulations, abided. As for overseas regulations, international law firms are employed to ensure that all operations are stringently in compliance with local regulations.

Investment Risk for Shareholders

- **Risk Arising from the Company Being a Major Shareholder (more than 25 percent)**

According to the closing of shareholder registration book on December 28th, 2018, group of Than Puying Chanut Piyaoui and related persons held the Company's share amounted at 424,475,680 shares which is accounted for 49.94% of the total Company's total paid-up. Therefore, it is possible that a resolution made by the major shareholder may dominantly impact shareholder meeting resolutions, except those resolutions pertinent to laws and regulations that requires three-fourths of the shareholder's votes. Nevertheless, the Board of Directors and high-level executives of the Company shall stringently adhere to the principles for Good Governance to ensure the highest management transparency.

5.4 Financial projections in the present year (if any)

-None-

5.5 Names of the Board of Directors, the executives, and the first 10 shareholders of the Company

1) Names of the Board of Directors as of 31 December 2018

No.	Director	Position
1.	Mr. Arsa Sarasin	Chairman / Independent Director
2.	Professor Hiran Radeesri	Independent Director / Chairman of the Audit Committee / Chairman of the Remuneration Committee / Chairman of the Corporate Governance and Nomination Committee
3.	Mrs. Pranee Phasipol	Independent Director / Member of the Audit Committee / Member of the Remuneration Committee / Member of the Corporate Governance and Nomination Committee
4.	Mr. Teerapol Chotichanapibal ¹	Independent Director/ Member of the Audit Committee
5.	Prof. Dr. Kittipong Kittayarak ²	Independent Director
6.	Prof. Emeritus Dr. Khunying Suchada Kiranandana	Independent Director
7.	Mr. Pakhawat Kovithvathanaphong	Independent Director
8.	Mr. Somprasong Boonyachai	Independent Director
9.	Mrs. Varang Chaiyawan	Director / Member of the Remuneration Committee / Member of the Corporate Governance and Nomination Committee

No.	Director	Position
10.	Mr. Chanin Donavanik	Vice Chairman / Chairman of the Executive Committee
11.	Mrs. Sinee Thienprasiddhi	Director / Executive Director
12.	Mrs. Suphajee Suthumpun	Director/ Executive Director / Group Chief Executive Officer

Remarks * Mr. Chatri Sophonpanich, a Honorary Chairman, deceased on June 24, 2018
^{/1} Mr. Teerapol Chotichanapibal was appointed as Independent director effective on April 23, 2018 replacing Mr. Kenneth Korsirisophon and was appointed as Member of Audit Committee effective on October 1, 2018 replacing Prof. Dr. Kittipong Kittayarak.
^{/2} Prof. Dr. Kittipong Kittayarak resigned from the position of Member of Audit Committee effective on August 10, 2018.

2) Management Structure of the Company as of December 31, 2018

No.	Name	Position
1.	Mrs. Suphajee Suthumpun	Group Chief Executive Officer
2.	Mr. Narongchai Wongthnavimok	Group Chief Financial Officer
3.	Ms. La-ead Kovavisaruch	Chief Investment Officer
4.	Mrs. Chitanong Poomipark	Chief Legal Officer
5.	Mr. Boon Kwee Lim	Chief Operating Officer
6.	Dr. Niramol Jindanuwat	Chief People Office
7.	Mr. Siradej Donavanik	Dusit Hospitality Education and Vice President of Development & Projects and Interim Managing Director,

Remarks: * Mr. Narongchai Wongthnavimok is holding the position of manager or equivalent in accounting or finance departments according to the definition of the Securities and Exchange Commission Notification (Executives' profile and details are as attached).

3) Top ten 10 major shareholders and other minor shareholders as of 28 December 2018

Details of 10 major shareholders and other minor shareholders as of 28 December 2018 are as follows:

Shareholders	No. of Shares	Percentage
1. Group of Thanpuying Chanut Piyaoui and related persons ^{/1}	424,475,680	49.94
	191,938,320	22.58
2. Central Pattana Public Company Limited ^{/2}		
3. Mr. Chattri Sophonpanich	42,389,600	4.99
4. Mr. Vichit Chinwongvorakul	33,240,000	3.91
5. Thai Life Insurance Public Company Limited	21,882,430	2.57
	20,487,730	2.41
6. Thai NVDR Company Limited	20,441,000	2.40
7. Mrs. Jarunee Chinwongvorakul		
8. Mr. Sahanun Chentrakul	8,510,000	1.00
9. Dusit Thani Properties Company Limited	4,715,000	0.55
10. Office of the Privy Purse	4,383,200	0.52
Total	772,462,960	90.87
Minor shareholders	77,537,040	9.13
Registered and paid-up capital of Baht 850,000,000 comprising 850 million ordinary shares with a par value of Baht 1		

Remarks: ^{/1} Group of Thanpuying Chanut Piyaoui and related persons consist of Chanut and Children Co., Ltd., group of Mr. Chanin Donavanik, group of Mrs. Sinee Thienprasiddhi and group of Mrs. Sunong Salirathavibhaga.

^{/2} As of 28 December 2018, number of shares deposited through Thailand Securities Depository Co., Ltd. for depositor are included. On 5 February 2019, DTC shares held by Central Pattana Public Company Limited (“CPN”) was acquired by Ananda Development Public Company Limited (“ANAN”) amounting to 42,500,000 shares or equivalent to 5% of total paid-up share capital.

5.6 Other information that may materially affect the decision of investors (if any)

– None –

6. Opinions of the Board of Directors on the sufficiency of the working capital

In entering into the transaction on the sublease and lease of Assets in relation to the operation of the Dusit Thani Maldives hotel, and the subscription of the newly-issued investment units of DREIT, the Company shall use the source of funds from bills with maturity not exceeding 180 days and/or loans obtained from 2 Banks with the interest rate at 2.20%-2.80%, upon the conditions of the Banks as well as cash flow within the Company and/or shall procure other sources of funds as necessary and appropriate, such as procurement of loans from financial institutions or issuance and offer for sale of debentures, etc. After due consideration, the Board of Directors opined that the Company still has adequate liquidity for its ongoing operations.

7. Major ongoing litigation or claims

-None-

8. Interests or connected transactions between the Company and directors, executives, and shareholders directly and indirectly holding at least 10 percent of shares in the Company

The Company and subsidiaries have related transaction with the persons who may have the conflicts of interest during 2016, 2017 and 2018 as follows:

Transaction with the Company/Subsidiaries	Types of transactions	Balances/Value of transactions (Million Baht)			Details, conditions and their necessary
		2016	2017	2018	
Dusit Thani PLC. and subsidiaries with Acme Printing Co., Ltd. by Mrs. Sinee Thienprasiddhi is the major shareholder.	Printed the calendar and annual report of the Company	1.23/ 1.16	-/ 0.86	-/ 0.72	The Company engaged Acme Printing Co., Ltd. by bidding process with other companies and comparing the offering price and conditions. The Company has selected the best company, in order to meet the highest benefit to the Company and without decision making by connected person.

Transaction with the Company/Subsidiaries	Types of transactions	Balances/Value of transactions (Million Baht)			Details, conditions and their necessary
		2016	2017	2018	
Dusit Thani PLC. and subsidiaries with MBK PCL.by Mr. Chanin Donavanik and Mrs. Sinee Thienprasiddhi are the shareholders.	Management fee and other incomes	2.36/ 9.68	3.49 / 9.09	1.71/948	The conditions of pricing and services in sales and marketing are similar to those charged to other hotels in the group.
	Dividend income	- / 14.75	- / 14.75	- / 16.54	Per dividend declaration
Dusit Thani PLC. and subsidiaries with Piyasiri Co., Ltd. by Thanpuying Chanut Piyaoui's Group held majority of its ownership.	Medical expenses	- / 0.01	- / -	- / -	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with JTB (Thailand) Co., Ltd.by Mr. Chanin Donavanik is the shareholder.	Revenue from sales and services and other income	3.80/ 38.16	8.46 / 48.54	1.22 / 23.03	The Company had travel-agent agreement with JTB (Thailand) Co., Ltd. to perform the guestroom sales, which generally support hotel business. Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with New Atlantic Co., Ltd.by Thanpuying Chanut Piyaoui's Group held majority of its ownership.	Revenue from sales and services	- / 0.01	- / -	- / -	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with The Navakij Insurance PCL.by Professor Hiran Radeesri is the director	Insurance expenses	- / 0.56	- / 0.75	- / 0.64	Prices and terms are in the normal business transaction.
Dusit Thani PLC. and subsidiaries with Siam Makro Public Company	Selling expense and	- / -	- / 2.01	- / 2.73	Prices and terms are in the normal

Transaction with the Company/Subsidiaries	Types of transactions	Balances/Value of transactions (Million Baht)			Details, conditions and their necessary
		2016	2017	2018	
Limited.by Mr. Arsa Sarasin is the director	administrative expense				business transaction.

According to the Audit Committee meeting No. 2/2019, the Audit Committee had considered that the related transaction with the persons who may have the conflicts of interest during 2017 and 2018 were reasonable in pricing and conditions at the normal course of business.

Related transaction between the Company and subsidiaries in financial supporting

Besides the normal transaction in doing business which already disclosed in the notes to the financial statements, the Company has policies for related transaction with subsidiaries to acquire and dispose of assets and financial supporting transaction according to the Stock Exchange of Thailand's regulations. Even though the Company has related transaction with subsidiaries, such transaction must be approved by the Audit Committee and Board of Directors.

In 2016, 2017 and 2018, the Company had transaction related to assets or services and financial supporting to subsidiaries which was in the normal course of business. The summary of conditions and compensations of market and fair values from financial supporting transaction to subsidiaries by changing in balances and outstanding of loans were as follows:

Subsidiaries	Changing balances (Million Baht)			Balances (Million Baht)			Detail of transactions
	2016	2017	2018	2016	2017	2018	
1. Dusit China Capital Co., Ltd.	37.50	21.40	12.80	76.00	97.40	110.20	The Company provided long-term loan.
	1.75	2.47	3.11	1.75	2.47	3.11	The Company's interest income.
2. Vimarn Suriya Co., Ltd	47.11	46.01	(93.12)	47.11	93.12	-	The Company provided long-term loan.
	0.04	4.12	2.47	0.04	4.12	2.47	The Company's interest income.
3. Dusit Thani Properties Co., Ltd.	250.00	(2.00)	(248.00)	250.00	248.00	-	The Company provided short-term loan.
	0.17	7.03	1.67	0.17	7.03	1.67	The Company's interest income.
	-	-	90.40	-	-	(90.40)	The Company borrowed short-term loan.
	-	-	1.77	-	-	1.77	The Company's interest expense.

Subsidiaries	Changing balances (Million Baht)			Balances (Million Baht)			Detail of transactions
	2016	2017	2018	2016	2017	2018	
4. Dusit Excellence Co., Ltd.	-	34.62	135.15	-	34.62	169.77	The Company provided short-term loan.
	-	0.35	5.35	-	0.35	5.35	The Company's interest income.
5. Suanlum Property Co., Ltd.	-	14.04	75.80	-	14.04	89.84	The Company provided long-term loan.
	-	0.23	1.64	-	0.23	1.64	The Company's interest income.
6. Dusit Gourmet Co., Ltd.	-	-	-	-	-	-	The Company provided short-term loan.
	-	-	0.01	-	-	0.01	The Company's interest income.
7. Dusit Overseas Co., Ltd.	-	-	345.55	-	-	345.55	The Company provided short-term loan.
	-	-	4.21	-	-	4.21	The Company's interest income.
8. Dusit Foods Co., Ltd.	-	-	-	-	-	-	The Company provided short-term loan.
	-	-	8.08	-	-	8.08	The Company's interest income.

9. Summary of the key Agreements of the Company during the past two years

Important agreements of the Company and subsidiaries in the past 2 years

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
<u>2017</u>				
1.	Land Purchase Agreement	Dusit Thani Public Company Limited	Kingchatchaval Company Limited	Dusit Thani Public Company Limited purchases 2 land title deeds having the area of 2 Ngan 01 sq.m., and 2.8/10 sq.m. from Kingchatchaval Company Limited, totaling Baht 179,344,000.
2.	Sublease Agreement	Dusit Thani Public Company Limited	Vimarn Suriya Company Limited	Dusit Thani Public Company Limited sub-leases Vimarn Suriya Company Limited the land approximately 21 Rai, located at No. 1, Saladaeng, intersection of Silom Road, Silom, Bangkok to develop and operate a Mixed-use project consisting of hotel, residence and retail shopping center.
3.	Lease Right Assignment Agreement	Dusit Thani Public Company Limited	Pharam 4 Development Company Limited	Dusit Thani Public Company Limited has assigned the right to lease the land from the Crown Property Bureau approximately 2 Rai to Pharam 4 Development Company Limited. This aims to hold the land lease right for the Office Project. Dusit Thani Public Company Limited will hold 10% stake of the registered capital of Pharam 4 Development Company Limited.

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
4.	Shareholders' Agreement relating to OJV between DTC and CPN	Dusit Thani Public Company Limited ("DTC")	1. Central Pattana Public Company Limited ("CPN") 2. Pharam 4 Development Company Limited 3. Saladang Property Management Co., Ltd.	Dusit Thani Public Company Limited entered into the shareholders agreement with Central Pattana Public Company Limited to incorporate Pharam 4 Development Company Limited. This will operate the office building business with a shareholding portion of DTC: CPN which is 10:90.
5.	Sale and Purchase Agreement (Land, Buildings and Other Assets)	Dusit Thani Properties Public Company Limited	1. Sup Imperial Korat Company Limited 2. Imperial Nakhon Ratchasima Limited	Dusit Thani Properties Public Company Limited sold a land, buildings including other assets of Dusit Princess Korat hotel to Sup Imperial Korat Company Limited and Imperial Nakhon Ratchasima Limited at the total amount of Baht 565,000,000.
<u>2018</u>				
1.	Share Purchase Agreement in respect of NR Instant Produce Co., Ltd.	Dusit Foods Company Limited	Wellpo Capital Limited	Dusit Foods Company Limited, a new incorporated subsidiary of Dusit Thani Public Company Limited invested in NRIP by entering into the Share Purchase Agreement to acquire 2,452,076 ordinary shares (equivalent to 24.9 percent of the total shares of NRIP), totaling THB 613,019,000 from Wellpo Capital Limited in order to engage in the food business.

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
2.	Share Subscription Agreement for NR Instant Produce Co., Ltd.	Dusit Foods Company Limited	1. Asian Food Corporation Limited 2. DP Partners Limited 3. DLN 2017 Limited 4. DPA Funds Limited 5. NR Instant Produce Co., Ltd (NRIP)	Dusit Foods Company Limited entered into the Share Subscription Agreement among all shareholders of NRIP and NRIP to acquire 200,000 newly issued ordinary shares of NRIP, totaling THB 50,000,000 which makes Dusit Foods to hold the shares in NRIP at 25.9 percent of the total shares of NRIP.
3.	Shareholders' Agreement and Share Subscription Agreement for Dusit Gourmet Company Limited	Dusit Foods Company Limited	NR Instant Produce Co., Ltd (NRIP)	Dusit Foods Company Limited entered into the shareholders' agreement and share subscription agreement with NR Instant Produce Co., Ltd (NRIP) to incorporate Dusit Gourmet Company Limited. This will operate the business of producing, import and export sale and marketing for sauce, dipping and sauce seasoning with a shareholding portion of DTC: CPN which is 90:10.
4.	Share Purchase Agreement for LVM Holdings Pte Ltd	Dusit Overseas Company Limited	Sellers listed in the Schedule 1.1 of the Share Purchase Agreement	Dusit Overseas Company Limited, a subsidiary of Dusit Thani Public Company Limited incorporated in Hong Kong entered into the Share Purchase Agreement to acquire all shares in LVM Holdings Pte. Ltd. which engages in marketing, booking, and full-service management business for luxury villas located in various countries including

Year/No.	Type of Agreement	Signatory to the agreement		Details of transactions
		The Company or subsidiaries	Parties to the agreement	
				Thailand under Elite Havens brand.

10. Proxy form with at least one name of a member of the Audit Committee being nominated as shareholder's proxy.

The details on the proxy form and profiles of the members of the Audit Committee nominated by the Company to be shareholders' proxies are set out in the supporting document for the Annual General Meeting of Shareholders No. 26/2019 (Attachment No. 13).

**The opinions of the Independent Financial Advisor
on the acquisition of assets**

of



Dusit Thani Public Company Limited

Presented to

Shareholders of Dusit Thani Public Company Limited

Prepared by



Jay Capital Advisory Limited

24 March 2019

This English report of the Independent Financial Advisor's Opinions has been prepared solely for the convenience of foreign shareholders of Dusit Thani Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

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The opinions of the Independent Financial Advisor on the acquisition of assets
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Glossary

The Company or DTC	Dusit Thani Public Company Limited
Pathumwan Project	The transaction of sub-leasing areas from the 3 rd to the 12 th and the 12A floor and other areas in Baan Rajprasong building in order to operate a hotel business, long-stay rental business, restaurant business and other businesses
BR	Baan Rajprasong Public Company Limited
AA	American Appraisal (Thailand) Company Limited
ASAI Chinatown Project	The transaction of investment in the right to usufruct of certain areas from the 4 th to the 8 th floors of Building A of I'm Chinatown Project and the purchase of the assets (Furniture, Fixtures and Equipment (FF&E) and investment in right to use common properties and services in I'm Chinatown Project's area from ICT for the purpose of operating a hotel, restaurant and other businesses
ICT	I Am Chinatown Company Limited
JD	Jiam Development Company Limited
KF	Knight Frank Chartered (Thailand) Company Limited
Independent Financial Advisor or IFA	Jay Capital Advisory Limited
SET	The Stock Exchange of Thailand
SEC	The Securities and Exchange Commission
Notifications on Asset Acquisition and Disposal	Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed as Acquisitions or Disposal of Assets), dated 31 August 2004 and its amendments, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information Concerning the Acquisition and Disposition of Assets of Listed Companies B.E.2547 (2004), dated 29 October 2004 and its amendments

24 March 2019

To: The Shareholders
Dusit Thani Public Company Limited

Re: The opinions of the Independent Financial Advisor on the acquisition of assets

The Board of Directors of Dusit Thani Public Company Limited ("**the Company**" or "**DTC**"), in its meeting No. 4/2562 (2019) held on 15 March 2019, passed a resolution to propose an acquisition in assets to shareholders for consideration at the Annual General Meeting No. 26/2562 (2019) on 26 April 2019, details of which are as follows:

- (1) The sublease of certain areas in Baan Rajprasong building located at No. 3 Soi Mahardlekluang 3, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok from Baan Rajprasong Public Company Limited (which is the lessee of Baan Rajprasong building). The Company will sublease the areas from the 3rd to the 12th and the 12A floor and other areas in Baan Rajprasong building, with a total area of 9,499.56 square meters (the "**Area in Baan Rajprasong Building**"), which is the hotel, long-stay rental, and restaurant areas for a period of approximately 19 years 6 months from the date of the registration of the sub-lease agreement, which the Company expects to complete the registration within 30 April 2019 until 31 October 2038 and the purchase of the assets located in the Area in Baan Rajprasong Building from Baan Rajprasong Public Company Limited in order to operate a hotel business, long-stay rental business, restaurant business and other businesses, with the total consideration of THB 740.00 million, which the Company must make payment to Baan Rajprasong Public Company Limited (this transaction is called the "**Pathumwan Project**"); and
- (2) The registration of the right to usufruct of certain areas from the 4th to the 8th floors of the building, located at No. 527 Charoenkrung Road, Pom Prap Sub-district, Pom Prap Sattru Phai District, Bangkok from I'm Chinatown Co., Ltd ("**ICT**"), with a total area of approximately 8,992.50 square meters (the "**Area in I'm Chinatown Building**") under 2 Usufruct Agreements, for a total period of approximately 32 years and the purchase of the assets (Furniture, Fixtures and Equipment (FF&E)) and investment in right to use common properties and services in I'm Chinatown Project's area from ICT for the purpose of operating a hotel, restaurant and other businesses under the Company's "ASAI" brand (such transaction is hereby called "**ASAI Chinatown Project**")

In this regard, the Company has appointed an Independent Financial Advisor to opine on the reasonableness, fairness of price and conditions of the transactions to the Company's shareholders for consideration in approving the transactions. On 15 March 2019, the Board of Directors' Meeting No. 4/2562 (2019) has approved to appoint Jay Capital Advisory Limited ("**Independent Financial Advisor**" or "**IFA**"), who is a financial advisor approved by The Securities and Exchange Commission ("**SEC**") and is independent from the Company, to render such opinion to DTC shareholders in consideration of approving the transaction to acquire the above assets.

This IFA report is based on the information from interviews and documentation provided by the Company, including publicly disclosed information, as well as consideration of the current economic situation, at the time of preparation of this IFA opinion in respect to entering into this transaction. Therefore, in the

event of significant changes to such information in the future, the IFA's opinion may also be impacted. This IFA report is based on such information as the following:

- The Resolutions of the Company's Board of Director's Meetings and Information Memorandum on the acquisition of assets related to the Transaction
- The Company's Information disclosure (Form 56-1) for the year 2018 and Annual Report for the year 2017
- The Company's audited financial statements as of 31 December 2016 – 2019
- Draft agreements and contracts related to the transactions
- The appraisal reports on Pathumwan and ASAI Chinatown projects
- Information from interviews with the Company's managements and staffs
- Information and documents obtained from the Company

In addition, the IFA's opinion was based on the following assumptions:

- All information and documents provided by the Company and the interviews with management are complete, accurate, and true. The opinion obtained was credible and close to the current situation.
- No past events or imminent events or impending events would create significant negative impacts on the operating performance of the Company and that of the assets to be invested.
- All draft contracts related to the Company's acquisition in assets are complete and true. Furthermore, the contracts that will be signed with the counterparties is not significantly different from the version that the IFA has received.

The IFA has prepared this report on 24 March 2019 and hereby certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standard and rendered our opinion based on the unbiased analysis with regards to the best benefit of the shareholders. However, it is important to note that the IFA's opinions are based on the information and documents received from the Company and other publicly available information. The IFA assumes that such information is accurate and reliable at the time the IFA prepared this opinion report. However, if such information is found to be inaccurate and/or incomplete and/or unreliable and/or have any significant changes in the future, the opinion provided by the IFA may differ accordingly. As a result, the IFA is unable to be held responsible for any adverse impacts on the Company and its shareholders resulting from the transaction. In addition, the objective of this report is merely to provide an opinion on the transaction to the Company's directors and shareholders only. Notwithstanding, the decision to vote is the sole discretion of the shareholders, which shall include the consideration of advantages, disadvantages, and risk associated with the transaction as well as consideration of the attached documents submitted to the shareholders along with the invitation letter in order to make the most appropriate decision. In this regard, the opinion of the IFA does not certify the success of the proposed transactions as well as the possible impacts to the Company and/or to the Company's shareholders. The IFA does not hold any responsibilities for the impacts that might arise from such transaction both directly and indirectly.

The IFA has considered the reasonableness of the transactions in detail described as follows:

Executive Summary

On 15 March 2019, the Company's Board of Directors' meeting No. 4/2562 (2019) has resolved a resolution to submit to the 26/2562 (2019) Annual General Meeting of Shareholders to be held on 26 April 2019 for consideration to approve (1) investment in Pathumwan Project and (2) investment in ASAI Chinatown Project, which details of each project are as the following:

(1) Acquisition in Pathumwan Project

Dusit Thani Public Company Limited ("the Company" or "DTC") proposes to invest in Pathumwan project in the amount of THB 740.00 million which can be divided into (1) sublease portions of area of Baan Rajprasong Building located at No. 3 Mahadlekluang 3 Alley, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok from Baan Rajprasong Plc. ("BR") (who is the main tenant of the land and Baan Rajprasong building); the Company would like to sublease area on the 3rd – 12nd floors, the 12A floor, and other areas of the building totaling approximately 9,499.56 square meters ("**Area in Baan Rajprasong Building**"). The Company would sublease the areas for a period of 19 years and 6 months which is considered from 30 April 2019, the date that sublease and other relevant registrations are completed, to 31 October 2038. Also, (2) purchasing assets in Area in Baan Rajprasong Building from BR. The Company's purpose in this transaction is to operate a hotel, long-term serviced accommodation, restaurant and other businesses under the Company's "Dusit Thani Suites & Hotel" brand.

The investment in this project is funded from the Company's internal cash flow and various other funding sources as necessary and appropriate such as long-term loans from financial institutions or offering of debentures, whereas the Company has short-term loans facility with financial institutions that are ready for use in the amount of approximately THB 2,800.00 million which it plans to use until agreement can be reached to secure long-term loans from financial institutions or until offering of debentures can be executed.

On 11 February 2019, the Company has submitted a letter of intent to BR requesting to sublease the area in Baan Rajprasong Building with a preliminary agreement on the sublease under which the Company has paid a deposit in the amount totaling THB 50.00 million into an escrow account in order to conduct due diligence in the assets in which the Company will invest and to further negotiate conditions in the sublease agreement including other related contracts. Furthermore, on 26 March 2019, the Company would invest in Bare Shell Sublease Agreement, FF&E Investment Agreement, and Service Agreement with BR, which has total amount of THB 740.00 million paid on the date of complete registration for sublease and other relevant transactions and expected to be completed on 30 April 2019. However, as entering into the transaction to acquire the Pathumwan Project requires approval from the AGM and in the event that shareholders at the Meeting do not approve such transaction, the Company will be able to terminate the investment in such project without having to pay any price or fines as well as receive the paid deposit from the counterparty in full.

The entry into the transactions in Pathumwan Project constitutes an asset acquisition transaction in accordance with Notifications on Asset Acquisition and Disposal, having the highest transaction value of 6.39 percent, calculated based on the Total Value of Consideration basis, based on the audited Consolidated Financial Statements of the Company ending 31 December 2018. After including the value of investment (2) ASAI Chinatown Project and all asset acquisitions which have occurred during the past six months based on the Total Value of Consideration basis and when combined with the total value of the asset acquisition transactions related to the he Dusit Thani Maldives hotel project, the subscription for the newly-issued investment units of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (the "DREIT") and the registration of the lease agreement by Dusit Thani, the Board of Directors proposed in the Meeting of the

Board of Directors No. 3/2019 on 25 February 2019 that the shareholders' meeting No. 26/2019 consider approving the entry into the transactions, whereby the highest transaction value is equivalent to 40.15 percent based on the Total Value of Consideration basis. Furthermore, the Company has appointed an Independent Financial Advisor to opine on the reasonableness, fairness of price and conditions of the transactions to the Company's shareholders for consideration in approving the transactions.

From the analysis of the Independent Financial Advisor regarding the reasonableness of the transaction, including the fairness of the price and conditions of the transaction, the Independent Financial Advisor's opinion on the investment in the Pathumwan Project is that **it is appropriate to enter into the transaction** because of the following:

1. It is investment in an asset with good potential in generating revenue and can generate revenue from operations immediately. In addition, the asset has good operating results in the past and possess advantages from various factors which support its future operation such as being an asset which is well maintained, still in good condition and is complete with available utilities and facilities, etc.
2. The Company will be able to expand the network of Dusit Thani corporate group in Bangkok and the location of the property is only 150 meters from the sky train's Rajdamri Station.
3. The Company can deploy its employees from the Dusit Thani Bangkok, which has been closed earlier this year, to operate this project, enabling the Company to utilize the benefit from human resources with maximum efficiency.
4. Investment in the project will increase the stream of revenue from operations in Thailand which would reduce risk if the Company's hotel business in other countries generate less income due to tourist economy, natural disasters and other violent situations.
5. The investment value of the transaction, which is THB 740.00 million, is lower than the fair price range from the fair value valuation from Discounted Cash Flow Approach which is equal to THB 743.39 – 813.06 million. (Details of the valuation of fair price range appear in Section 1.3.1.2 of this report.)
6. The draft conditions of the transaction are normal in the sublease of general real estate projects whereby the parties can enter into a contract in various ways according to the negotiation between the contractual parties and such terms and conditions do not cause the Company to lose benefit. (Details of consideration of the appropriateness of the conditions of the transaction appear in Section 1.3.2 of this report.)

Nevertheless, entering into the transaction has disadvantages and risks which shareholders should additionally take them into consideration whether to approve the transaction, as follows:

1. The investment will increase obligations from debts and interest expenses on the Company which, in case that the Company uses all sources of fund from loans from institutions or offering of debentures, the corporate group would have additional loan burden in the amount of THB 740.00 million, resulting in an increase in the Company's interest-bearing debt to equity ratio from 0.33 times to 0.45 times, based on the consolidated financial statements of the Group as at 31 December 2018.
2. There is a risk of the operating performance of the project not being as expected due to various factors such as a slowdown of the economy, intensified competition in the domestic hotel market, a decrease in the number of tourists coming to Bangkok, etc.
3. Since the transaction is a subleasing of building area, the Company therefore has risks if BR breaches the main land and building lease agreement with the land owner which may result in the Company's inability to gain benefit from the subleasing rights as planned.

Considering the benefits to the Company of entering into the transaction, the disadvantages and risks, the appropriateness of the price and conditions of the transaction as mentioned above, the Independent Financial Advisor deems that this investment in the Pathumwan Project **is appropriate**. As such, shareholders should approve this transaction.

(2) Acquisition in ASAI Chinatown Project

The Company proposes to invest in ASAI Chinatown Project with total investment amount not exceeding THB 1,000.00 million through registration of usufruct agreements for the hotel area of I'm Chinatown Project, situated at No. 527 Charoenkrung Road, Pomprab Sub-district, Pomprab Sattruphai District, Bangkok from I am Chinatown Co., Ltd. ("ICT"), which would register usufructs in an area of 4th to 8th Floors of Building A of the I'm Chinatown Project, a rental space area of approximately 8,992.50 square meters (the "**Area in I'm Chinatown Building**") for a period of approximately 32 years (period of 2 usufruct agreements) as well as purchasing the furniture, fixture, and equipment (FF&E), and investment in right to use common properties and services in I'm Chinatown Project's area from ICT for the purpose of operating a hotel, restaurant and other businesses under the Company's brand "ASAI"

The investment in this project is funded by the Company's internal cash flow and various other funding sources as necessary and appropriate such as long-term loans from financial institutions or issuing of debentures, whereas the Company has available balance of short-term loans from financial institutions approximately THB 2,800.00 million. The Company plans to use the short-term loans from financial institutions until agreement can be reached to secure long-term loans from financial institutions or until issuing of debentures can be executed.

The entry into the transactions in ASAI Chinatown Project constitutes transaction value not exceeding THB 1,000.00 million, which comprises of Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement of ASAI Chinatown Project with amount of THB 954.30 million and other expenses that may arise in the future (if any). The asset acquisition transaction, in accordance with Notifications on Asset Acquisition and Disposal, has the highest transaction value of 8.64 percent, calculated based on the Total Value of Consideration basis, based on the audited Consolidated Financial Statements of the Company ending 31 December 2018. After including the value of investment (1) Pathumwan Project and all asset acquisitions which have occurred during the past six months based on the Total Value of Consideration basis and when combined with the total value of the asset acquisition transactions related to the Dusit Thani Maldives hotel project, the subscription for the newly-issued investment units of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (the "DREIT") and the registration of the lease agreement by Dusit Thani, the Board of Directors proposed in the Meeting of the Board of Directors No. 3/2019 on 25 February 2019 that the shareholders' meeting No. 26/2019 consider approving the entry into the transactions, whereby the highest transaction value is equivalent to 40.15 percent based on the Total Value of Consideration basis. Furthermore, the Company has appointed an Independent Financial Advisor to opine on the reasonableness, fairness of price and conditions of the transactions to the Company's shareholders for consideration in approving the transactions.

From the analysis of the Independent Financial Advisor regarding the reasonableness of the transaction, including the fairness of the price and conditions of the transaction, the Independent Financial Advisor's opinion on the investment in the ASAI Chinatown Project is that **it is appropriate to enter into the transaction** because of the following:

1. It is investment in an asset with good potential in generating revenue, with the asset possessing advantages from various factors which support its future operation such as being a new hotel with modern design and fittings and complete with available utilities, amenities and facilities, especially for transport which is made more convenient by the project's proximity to the Blue-line Subway System (extension), etc.
2. The Company will be able to expand the network of Dusit Thani corporate group in Bangkok. The Company will be able to expand the network of Dusit Thani corporate group in Bangkok, in the famous location of the old city precinct of Bangkok surrounded by famous popular restaurants and close to the Wat Mangkon Kamalawat subway station.

3. The Company can deploy its employees from the Dusit Thani Bangkok, which has been closed earlier this year, to operate this project, enabling the Company to utilize the benefit from human resources with maximum efficiency.
4. Investment in the project will increase the stream of revenue from operations in Thailand which would reduce risk if the Company's hotel business in other countries generate less income due to tourist economy, natural disasters and other violent situations.
5. The investment value of the transaction, which is THB 954.30 million, is lower than the fair price range from the fair value valuation from Discounted Cash Flow Approach which is equal to THB 1,035.54 – 1,193.56 million. (Details of the valuation of fair price range appear in Section 2.3.1.2 of this report.)
6. The draft conditions of the transaction are normal in the usufruct registration and investment in assets whereby the parties can enter into a contract in various ways according to the negotiation between the contractual parties and such terms and conditions do not cause the Company to lose benefit. Furthermore, the benefit that the Company would receive upon registration of usufruct is not inferior than the registration of leasehold right. (Details of consideration of the appropriateness of the conditions of the transaction appear in Section 2.3.2 of this report.)

Nevertheless, entering into the transaction has disadvantages and risks which shareholders should additionally take them into consideration whether to approve the transaction, as follows:

1. The investment will increase obligations from debts and interest expenses on the Company which, in case that the Company uses all sources of fund from loans from institutions or offering of debentures, in order to pay compensation for the usufruct, furniture, fixture, and equipment, and services associated with ASAI Chinatown Project amounting to THB 954.30 million, the corporate group would have additional loan burden in the amount of THB 954.30 million, resulting in an increase in the Company's interest-bearing debt to equity ratio from 0.33 times to 0.49 times, based on the consolidated financial statements of the Group as at 31 December 2018.
2. There is a risk of delays in the project construction. At present, the project is under construction with construction progress at 51.48 percent. Moreover, the Company proposes to operate the project under its corporate brand ASAI. Therefore, prior to entering into this transaction, ICT is required to cancel its existing contract with the current hotel management, as well as modifying the design to meet ASAI brand standards. Therefore, there is a risk of construction delays which could render a deferral in the Company's recognition of income to later than expected.
3. As the I'm Chinatown Project is located on the land which ICT rents from JD who is the owner of the land according to Main Lease Agreement of I'm Chinatown Project, the Company has risks that ICT might breach the Main Lease Agreement of I'm Chinatown and, as a result, the Company cannot exploit the benefits from investment in ASAI Chinatown Project as expected.
4. As ICT has taken the leasehold rights of the land under the Main Lease Agreement of I'm Chinatown Project and the I'm Chinatown project building as collateral for loan according to Financial Support Agreement of I'm Chinatown Project, the Company has risks that ICT might breach the Financial Support Agreement of I'm Chinatown and, as a result, the Company cannot exploit the benefits from investment in ASAI Chinatown Project as expected.
5. Since the transaction is a subleasing of building area, the Company therefore has risks if BR breaches the main land and building lease agreement with the land owner which may result in the Company's inability to gain benefit from the subleasing rights as planned.

Considering the benefits to the Company of entering into the transaction, the disadvantages and risks, the appropriateness of the price and conditions of the transaction as mentioned above, the Independent Financial Advisor deems that this investment in the ASAI Chinatown Project **is appropriate**. As such, shareholders should approve this transaction.

Section 1 Acquisition in Pathumwan Project

1.1 Characteristics and Details of the Transaction

Dusit Thani Public Company Limited (“the Company” or “DTC”) proposes to invest in Pathumwan project in the amount of THB 740.00 million which can be divided into (1) sublease certain portions in area of Baan Rajprasong Building located at No. 3 Mahadlekluang 3 Alley, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok from Baan Rajprasong Plc. (“BR”) (who is the main tenant of the land and Baan Rajprasong building); the Company would like to sublease area on the 3rd – 12nd floors, the 12A floor, and other areas of the building totaling approximately 9,499.56 square meters (“**Area in Baan Rajprasong Building**”). The Company would sublease the areas for a period of 19 years and 6 months which is considered from 30 April 2019, the date that sublease and other relevant registrations are completed, to 31 October 2038. Also, (2) purchasing assets in Area in Baan Rajprasong Building from BR. The Company’s purpose in this transaction is to operate a hotel, long-term serviced accommodation, restaurant and other businesses under the Company’s “Dusit Thani Suites & Hotel” brand.

On 11 February 2019, the Company has submitted a letter of intent to BR requesting to sublease the area in Baan Rajprasong Building with a preliminary agreement on the sublease (Details of the letter of intent are shown in section 1 topic 1.1.2 in this report) under which the Company has paid a deposit in the amount totaling THB 50.00 million into an escrow account in order to conduct due diligence in the assets in which the Company will invest and to further negotiate conditions in the sublease agreement including other related contracts.

On 15 March 2019, the Company’s Board of Directors’ Meeting No. 4/2562 (2019) passed a resolution to submit to the No. 26/2019 Annual General Meeting of Shareholders, held on 26 April 2019 for consideration in approving entering into Bare Shell Sublease Agreement, FF&E Investment Agreement, and Service Agreement of Baan Rajprasong Building with BR at a value of THB 740.00 million, with funding from the Company’s internal cash flow and various other funding sources as necessary and appropriate such as long-term loans from financial institutions or issuing of debentures, whereas the Company has available balance of short-term loans from financial institutions approximately THB 2,800.00 million. The Company plans to use the short-term loans from financial institutions until agreement can be reached to secure long-term loans from financial institutions or until issuing of debentures can be executed.

In addition, on 26 March 2019 the Company will enter into the Bare Shell Sublease Agreement, FF&E Investment Agreement, and Service Agreement of Baan Rajprasong Building with BR in the amount of THB 740.00 million, which would be paid on the date of registration of the sublease and other relevant registrations which the Company expects to be on 30 April 2019. However, as entering into the transaction to acquire the Pathumwan Project requires approval from the AGM and in the event that shareholders at the Meeting do not approve such transaction, the Company will be able to terminate the investment in such project without having to pay any price or fines as well as the paid deposit from the counterparty would be returned in full.

1.1.1 Type and Size of the Transaction

The entry into the transactions in Pathumwan Project constitutes an asset acquisition transaction in accordance with Notifications on Asset Acquisition and Disposal, having the highest transaction value of 6.39 percent, calculated based on the Total Value of Consideration basis, based on the audited Consolidated Financial Statements of the Company ending 31 December 2018. After including the value of investment in

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ASAI Chinatown Project the highest transaction value would equal to 6.39 percent, calculated based on the Total Value of Consideration basis. Furthermore, when include all asset acquisitions which have occurred during the past six months based on the Total Value of Consideration basis and when combined with the total value of the asset acquisition transactions related to the he Dusit Thani Maldives hotel project, the subscription for the newly-issued investment units of Dusit Thani Freehold and Leasehold Real Estate Investment Trust (the “DREIT”) and the registration of the lease agreement by Dusit Thani, the Board of Directors proposed in the Meeting of the Board of Directors No. 3/2019 on 25 February 2019 that the shareholders’ meeting No. 26/2019 consider approving the entry into the transactions, whereby the highest transaction value is equivalent to 40.15 percent based on the Total Value of Consideration basis.

The Board of Directors deemed it appropriate to propose for shareholders’ consideration to approve the acquisition of assets by the Company in the Pathumwan Project and ASAI Chinatown Project in No. 26/2562 (2019) Annual General Meeting to be held on 26 April 2019, and passed a resolution to appoint the Independent Financial Advisor to render its opinions to shareholders on entering into such transaction to enable shareholders to have sufficient information to decide whether or not to give their approval, even though the transaction size is not up to the criteria that the Company has to propose to the shareholders to approve such transaction.

1.1.2 Parties to the Agreement and Important Conditions of the Transaction

As BR owns the leasehold rights to land and building of Baan Rajprasong Building for a 30-year period, from 1 November 2008 until 31 October 2038 from Vajiravudh College (“**The Main Lease Agreement of Pathumwan Project**”) and the space within Baan Rajprasong Building is currently under the management of a company in the corporate group of Minor International Plc. (“**Affiliate of MINT**”) using “Anantara” brand, the Company has stipulated Letter of Intent to sublease, Bare Shell Sublease Agreement, FFE Purchase Agreement, and Service Agreement with BR to sublease the area in Baan Rajprasong Building, to invest in furniture, fixture, and equipment and in the right to use common properties and services in Baan Rajprasong Building to operate a hotel and long-term serviced accommodation business in the building. The summary of the details regarding terms and conditions of each contract are as follows:

(1) Letter of Intent to sublease

Date of Signing	:	11 February 2019
Parties	:	Sub-lessee: Dusit Thani Public Company Limited (“ the Company ”) Sub-lessor: Baan Rajprasong Public Company Limited (“ BR ”)
Asset to be sublet	:	Details of which appear in Section 1, topic 1.1.3 of this report.
Rental period	:	From the date that the long-term sublease rights can be registered with the Department of Lands ¹ until 31 October 2038. (The remaining rental period is approximately 19 years and 6 months.)
Rent and payment : term	:	Approximately THB 740.00 million, which the payment terms are divided into 1. <u>Deposit of sublease fees of THB 50.00 million</u> with the Company obligated to pay such deposit into the escrow account ² within 10 days from the date of signing in this letter of intent to sublease, which the deposit would be refunded to the Company in the following cases:

¹ The Company expects to be able to register the long-term sublease rights with the Department of Lands by 30 April 2019.

² On 18 February 2019, the Company, BR and Kiatnakin Bank PLC, as a trustee, jointly signed an Escrow Agreement to be used for payment of THB 50.00 million as such deposit.

	<ul style="list-style-type: none"> The Company and BR are unable to agree and sign the Bare Shell Sublease Agreement and other related agreements within 26 March 2019, unless both parties jointly agree to extend the period. The Company and BR are unable to comply with or do not get a waiver of all preceding conditions under the Bare Shell Sublease Agreement within 30 April 2019. The sublease registration is not completed within 30 April 2019. <p>2. The remaining amount totaling THB 690.00 million of which payment will be divided according to rent payment for sublease area of the building, payment for furniture, fixture, and equipment, and payment for utility services and common property related to operating a hotel and long-term serviced accommodation businesses which will be paid on the date that the sublease right registration is completed.</p>
Conditions precedent :	<p>(1) Conducting due diligence is completed to the satisfaction of the Company.</p> <p>(2) Approval is obtained through the required internal processes of both parties, e.g. approval from the Board of Directors or from shareholders' meeting, etc.</p> <p>(3) Approval is obtained from all relevant agencies.</p> <p>(4) A letter of consent is received from the property owner allowing the Company to directly execute a lease agreement with the property owner if BR breaches the contract or fails to comply with the terms and conditions of the long-term lease that BR has with the property owner (Step-in right).</p> <p>(5) The Company receives the transfer of various licenses relating to the operation of the hotel and long-stay accommodation businesses on the property to be subleased.</p> <p>(6) BR receives consent from creditors and / or related third parties.</p> <p>(7) BR terminates the hotel management agreement with the existing hotel manager.</p> <p>(8) BR terminates the sublease agreement with the sub-lessee for the restaurant in the assets to be subleased.</p> <p>Both parties expect that they will be able to comply with all the conditions within 30 April 2019.</p>
Registration fee for : leasehold rights	Each party is equally responsible for half of the leasehold rights registration fee, including other associated tax expenses and stamp duty.

(2) Bare Shell Sublease Agreement

Date of signing :	26 March 2019
Parties :	Sub-lessee: Dusit Thani Public Company Limited ("the Company") Sub-lessor: Baan Rajprasong Public Company Limited ("BR")
Asset to be subleased :	Details of which appear in Section 1, topic 1.1.3 of this report.
Sublease period :	From the date of completion of sublease registration, which is expected to be on 30 April 2019, until 30 October 2038 (The remaining sublease period is approximately 19 years and 6 months.)
Sublease fee :	THB 458.74 million, which the Company agrees to pay the sublease fee in full on the day that registration of the sublease of the property is completed.
Conditions Precedent :	As stipulated in (1) Letter of Intent to Sublease and

		<p>(1) BR must transfer the rights according to all of the long stay accommodation contracts to the Company, which shall be effective from the date that registration of the sublease of the property is completed.</p> <p>(2) the Company shall have the step-in right to continue its lease of the project based on the main land lease agreement with the Company paying the rent in proportion to the sublease area directly to the lessor, in the case that BR does not pay its rent or breach any terms and conditions in the main lease agreement. Moreover, BR will return the sublease fee to the Company in the ratio equal to the remaining sublease period in this contract. In addition, in order to mitigate such risk, BR agrees to secure a bank guarantee in the amount of THB 250.00 million for a period of 19 years and 6 months in order to guarantee payment of compensation to the Company in the event that BR breaches any condition in the main lease agreement of the Pathumwan Project and the sublease agreement, and will amortize the amount of guarantee each year according to the amount that the parties will further agree.</p>
Rental registration fee	:	Each party is equally responsible for half of the leasehold rights registration fee, including other associated tax expenses and stamp duty.
Taxes	:	The Company shall be responsible for various taxes relating to the Pathumwan Project in proportion to the area of the subleased property, which will not exceed THB 1.90 million per year throughout the rental period unless the government has a change in tax rates and taxes calculation methods which results in significant increase in tax; in that case the Company shall be responsible for the tax expense in proportion to the area of the subleased property.
Step-in Right	:	In the case that BR does not pay its rent or breaches any terms and condition in the main lease agreement of Pathumwan Project, the Company shall have the right to continue its lease of the project based on the main land lease agreement with the Company paying the rent in proportion to the sublet area directly to the lessor. Moreover, BR will repay the sublease fee back to the Company in the ratio equal to the remaining sublease period in this contract.
Sub-lessee's right to terminate agreement	:	<p>The Company has the right to terminate this contract by written notice to BR in the event of any of the following:</p> <p>(1) Within 30 April 2019, the Company has not yet received approval from its shareholders to enter into this contract, nor to proceed to execute the various requirements therein.</p> <p>(2) The building and assets to be subleased is destroyed by fire, flooding, earthquake, force majeure or any other accident which could not be avoided, causing inability to use such assets for a period of more than 6 consecutive months.</p> <p>(3) The main lease agreement of Pathumwan Project expires or is terminated, or the sublet asset is expropriated, resulting in the Company not being able to use the property according to the purpose of this contract.</p> <p>If the Company terminates the agreement due to any of the above circumstance, BR agrees to repay the sublease fee back to the Company in the ratio equal to the remaining sublease period in this contract. In addition, if this agreement is terminated before the sublease registration is completed, BR agrees to return the</p>

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	sublease fee and any amount of money that BR received from the Company (if any) to the Company within the period of 15 days from the date of termination.
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(3) FFE Purchase Agreement

Date of signing	: 26 March 2019
Parties	: Buyer: Dusit Thani Public Company Limited (" the Company ") Seller: Baan Rajprasong Public Company Limited (" BR ")
Asset to be bought and sold	: Ownership in furniture, fixture, and equipment related to the operation of hotel and long-stay accommodation business of the Pathumwan Project
Asset to be purchased	: (1) Ownership of all furniture, fixture, and equipment transfers to the Company on the date which sublease registration is completed. (2) The Company has no obligation to purchase any furniture, fixture and equipment until sublease registration is completed. (3) The Company has the right to examine the amount and condition of the furniture, fixture, and equipment. If any are found to be worn, damaged, diminished, or unable to be used, the buyer has the right to refuse to purchase such furniture, fittings and equipment. Furthermore, in the event that more than 10.00 percent of the total amount or value of the furniture, fittings and equipment is missing or damaged, BR agrees to reduce the purchase price to the buyer according to the decreased value and amount of such furniture, fixture and equipment.
Purchase price	: THB 34.04 million which the Company will pay to BR on the day that sublease registration is completed.
Buyer's right to terminate agreement	: The Buyer has the right to terminate this agreement, by written notice to BR, in the event of any of the following: (1) The Company has not received approval from its shareholders to proceed with the execution of this sublease contract within 30 April 2019. (2) Any furniture, fixture, or equipment, in part that is materially significant, is missing or damaged prior to the handover date.

(4) Service Agreement

Date of signing	: 26 March 2019
Parties	: Client: Dusit Thani Public company Limited (" the Company ") Service Provider: Baan Rajprasong Public Company Limited (" BR ")
Services	: Providing utilities, common property and other services by BR for the purpose of the Company's business operation on the sublet property.
Service rendering	: Throughout the service period, BR will arrange for inspection, cleaning, repair and maintenance of the utilities system and various common property assets to be in good working condition and up to the standard of international accommodation and hotels at BR's cost. In addition, BR will provide fire protection system services, garbage collection at the points specified by BR and an effective security system in the land and property to be sublet.
Service period	: From the day that sublease registration according to Bare Shell Sublease Agreement is completed until 31 October 2038.
Service fee	: The amount of THB 247.22 million for the rights to access utility systems in the building such as engineer system, main water supply system, main electrical

	<p>system, air conditioning system, telephone system, cooking gas system, sanitation system and other services in Baan Rajprasong Building to operate a hotel and long-term serviced accommodation business, restaurant business, and other businesses which is different from the compensation for the sublease rights mentioned above.</p> <p>The Company will pay the service fee to BR on the day that sublease registration is completed. In addition, the company agrees to pay for electricity, water, gas and telephone that the Company utilizes each month according to the amount that appears on the meter of various systems connected to the property to sublease.</p>
Annual Service fee :	<p>The annual fee THB 4.50 million for service work for inspection, cleaning, repair and maintenance of public utilities and various public assets to be in good condition and able to use and meet the standards of international accommodation and hotels with the cost from BR as well as providing fire protection systems and garbage collection at the point specified by BR also the security system in land and property throughout the period of sublease.</p> <p>However, if the annual fee needs to be adjusted according to the cost and economic conditions in the future, both parties agree to negotiate and find a reasonable and fair conclusion, while the change in the Annual Service fee must not be higher than the service fee that BR charges from other residents in the building.</p>
Taxes :	<p>The Company has a duty to pay various taxes, including VAT related to service fees and service payments according to this service agreement, excluding BR corporate income tax and withholding tax.</p>
Client's right to terminate agreement :	<p>The Company has the right to terminate this agreement, by written notice to BR, in the event of any of the following:</p> <ol style="list-style-type: none"> (1) The Company has not received approval from its shareholders to proceed with the execution of this agreement and other procedures according to this agreement within 30 April 2019. (2) In the case of utilities and / or common property being destroyed by fire, floods, landslides, force majeure or other unavoidable circumstances which cause the inability to use the service under this contract for a period of more than 6 consecutive months. (3) Expiration or early termination of either the Pathumwan Project main lease agreement or the sublease agreement. <p>If the Company terminates this agreement due to any of the above circumstance, BR will repay the service fee back to the Company in the ratio equal to the remaining service period in this contract.</p>

1.1.3 Information of assets in entering into the transaction

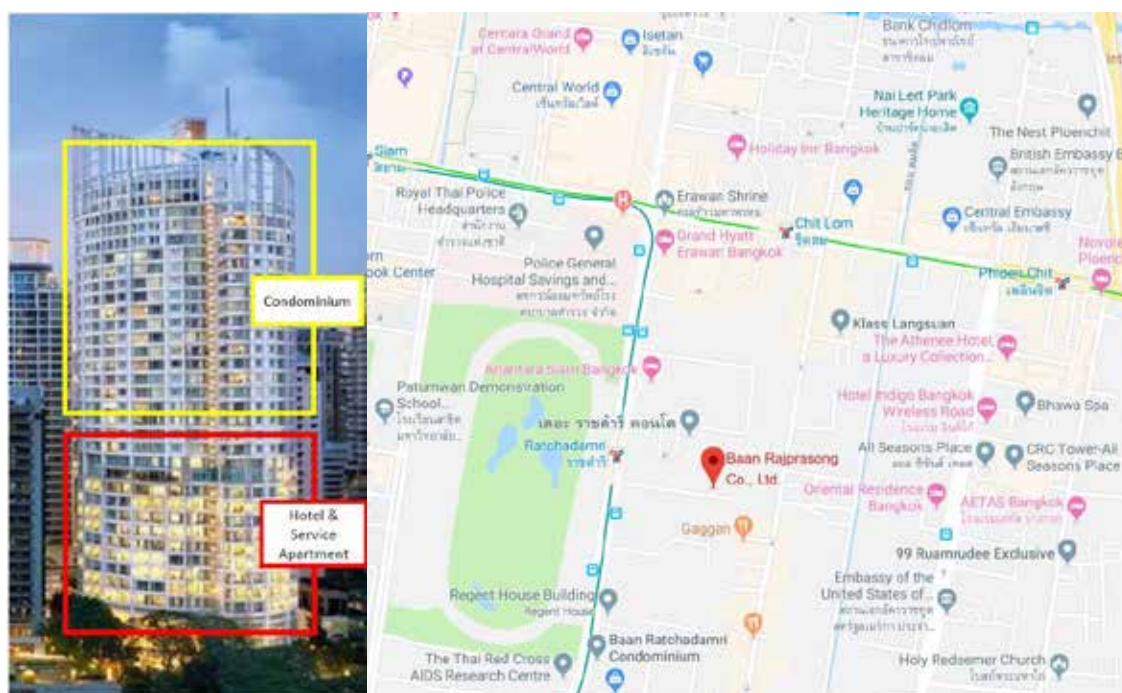
1.1.3.1 General information and details

Location	:	No. 3 Mahadlekluang 3 Alley, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok																																																				
Detail of Asset	:	<p>(1) Sublease part of the Baan Rajprasong Building totaling approximately 9,499.56 square meters,</p> <ul style="list-style-type: none">- A total of 97 rooms divided into<ul style="list-style-type: none">▪ 85 one-bedroom rooms, the size of 77 – 90 square meters per room▪ 12 two-bedroom rooms, the size of 127 – 157 square meters per room <p>The above rooms are located on the 3rd – 12th and 12A floors of Baan Rajprasong Building, details of which are as follows:</p> <table><tr><th>Floor</th><th>One-bedroom Rooms (Room)</th><th>Two-bedroom Rooms (Room)</th><th>Total Floor Area (Square meters)</th></tr><tr><td>3</td><td>10</td><td>-</td><td>818</td></tr><tr><td>4</td><td>10</td><td>-</td><td>818</td></tr><tr><td>5</td><td>10</td><td>-</td><td>818</td></tr><tr><td>6</td><td>10</td><td>-</td><td>818</td></tr><tr><td>7</td><td>10</td><td>-</td><td>818</td></tr><tr><td>8</td><td>10</td><td>-</td><td>818</td></tr><tr><td>9</td><td>5</td><td>3</td><td>820</td></tr><tr><td>10</td><td>5</td><td>3</td><td>820</td></tr><tr><td>11</td><td>5</td><td>3</td><td>820</td></tr><tr><td>12</td><td>-</td><td>3</td><td>410</td></tr><tr><td>12A</td><td>10</td><td>-</td><td>818</td></tr><tr><td>Total</td><td>85</td><td>12</td><td>8,596</td></tr></table> <ul style="list-style-type: none">- A restaurant the size of 169.05 square meters on Floor G, including the front patio area of the restaurant is 145.26 square meters.- Back-of-house area totaling 589.25 square meters divided into an area of 287.63 square meters on Floor B1, an area of 139.92 square meters on Floor G and an area of 161.70 square meters on Floor P3.- Parking space for 45 vehicles- 2 passenger lifts for hotel and long-stay accommodation clients <p>In addition, the sub-lessee has the right to use various other areas related to hotel, long-stay accommodation and restaurant services such as mechanical systems, electrical systems and plumbing system work areas, reception area, parking area, front-lift areas, building corridor areas and food storage areas.</p> <p>(2) Ownership of furniture, fixture and equipment related to the hotel and long-stay accommodation business operations according to (1)</p> <p>(3) Rights to use utilities services, common property and other services related to the hotel and long-stay accommodation business operations according to (1)</p>	Floor	One-bedroom Rooms (Room)	Two-bedroom Rooms (Room)	Total Floor Area (Square meters)	3	10	-	818	4	10	-	818	5	10	-	818	6	10	-	818	7	10	-	818	8	10	-	818	9	5	3	820	10	5	3	820	11	5	3	820	12	-	3	410	12A	10	-	818	Total	85	12	8,596
Floor	One-bedroom Rooms (Room)	Two-bedroom Rooms (Room)	Total Floor Area (Square meters)																																																			
3	10	-	818																																																			
4	10	-	818																																																			
5	10	-	818																																																			
6	10	-	818																																																			
7	10	-	818																																																			
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12A	10	-	818																																																			
Total	85	12	8,596																																																			

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Asset status	:	<p>Baan Rajprasong Building is a 32-floor high-rise building, currently approximately 10 years old, divided into</p> <ol style="list-style-type: none"> (1) Reception area, restaurant³, swimming pool and other central common areas on the 1st – 2nd Floors (2) Hotel rooms and long-stay accommodation⁴ on the 3rd – 12th Floors and 12A Floors (3) Condominium area on the 14th – 32nd Floors, which is not included in the asset in which the Company is investing or subleasing
Ownership	:	<ul style="list-style-type: none"> ▪ The land on which the building is situated, Deed No. 2220 with size of approximately 3 rais 1 ngan, is owned by Vajiravudh College. ▪ Baan Rajprasong Building is owned by Vajiravudh College.
Obligation	:	<ul style="list-style-type: none"> ▪ The land on which the building is situated, is under the main lease agreement of Pathumwan Project. ▪ Some portion of the rooms of the building has been leased to long-stay accommodation guests. The number of long-stay contracts, which would be expired after 30 April 2019 when is the date of transaction, is 15 contracts.

Figure 1 Location of Baan Rajprasong Building



³ BR has executed a sublease agreement for the restaurant area to a company in the corporate group of Minor International Plc. ("MINOR") to operate a restaurant business under the brand Coffee Club. BR is obligated to terminate the lease of the area before entering into the transaction with the Company. The expenses incurred from the termination of the contract will be the responsibility of BR.

⁴ BR has executed a sublease agreement for the hotel and long-stay accommodation area to Rajprasong Pattana Co., Ltd. ("RPC"), a subsidiary company of BR, with RPC having a hotel management agreement with a company in the Affiliate of MINT to operate a hotel and long-stay accommodation business under the Anantara brand. BR is obligated to cancel the sublease agreement of the area, including hotel management agreement, before entering into the transaction with the Company. The expenses incurred from the termination of the contracts will be the responsibility of BR.

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Figure 2 Room and Restaurant

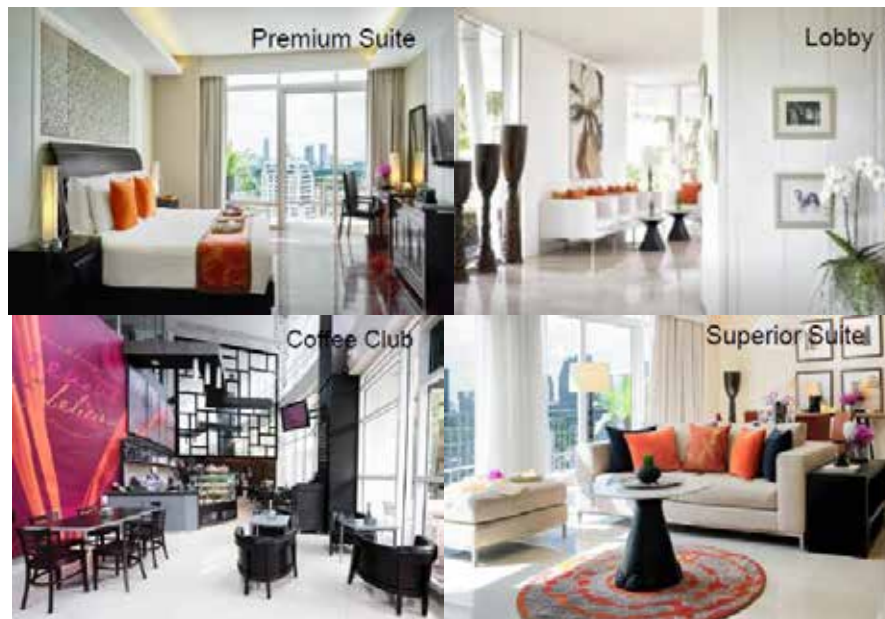
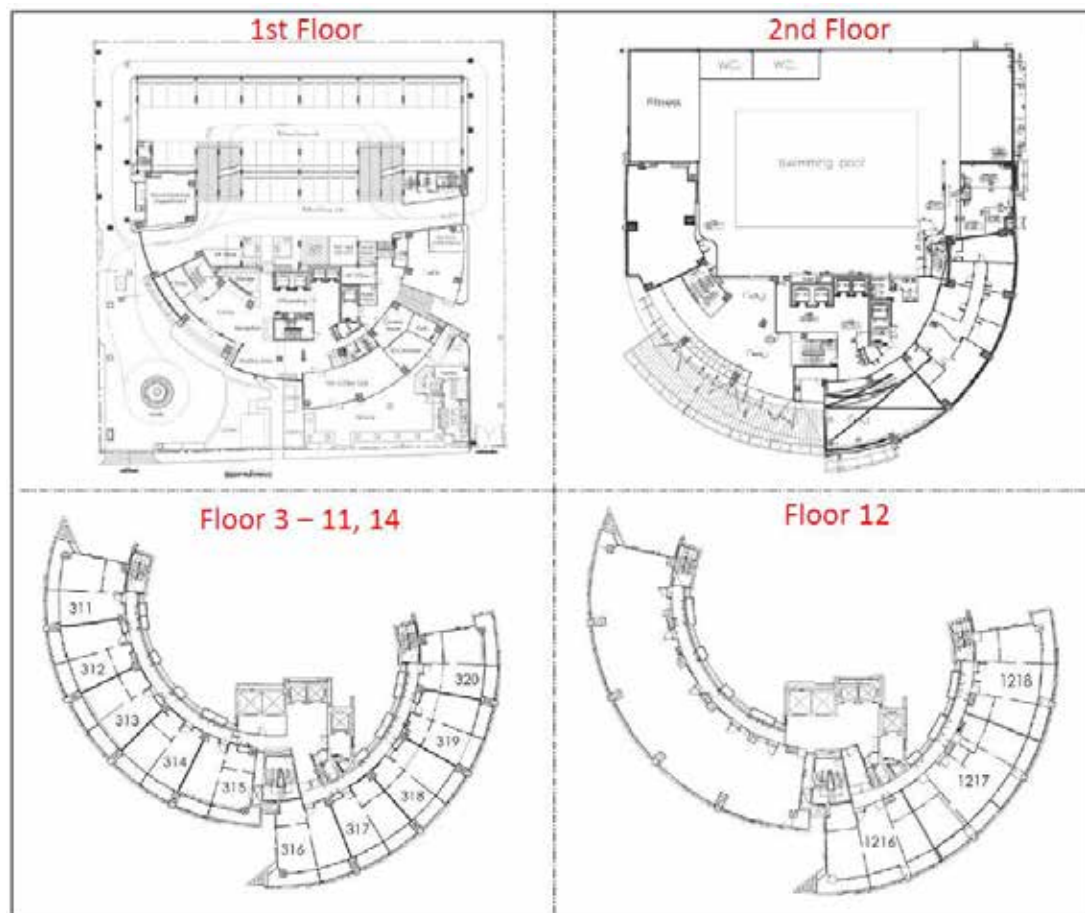


Figure 3 Layout of the Various Floors of the Building



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1.1.3.2 Historical Operation Performance

Regarding the hotel and long-stay accommodation areas in Baan Rajprasong Building, which are assets that the Company is going to sublease in the transaction, such areas are currently under a hotel management contract with a company in the Affiliate of MINT under the “Anantara” brand, of which details of past operating results are as follows:

Historical Operating Performance of the Hotel and Long-stay Accommodation in the Pathumwan Project

	2016	2017	2018
Average room rate (THB/Day)	3,256	3,458	3,626
Occupancy rate (Percentage)	82	83	78

Source: BR

Nationality of guests of the Hotel and Long-stay Accommodation in the Pathumwan Project

Nation	Percentage
China	23
Japan	20
Thailand	15
Hongkong	8
Amirates	5
U.S.	3
U.K.	3
Singapore	3
South Korea	2
Australia	2
Others	16

Source: BR

The services of the project are divided into daily and long-stay accommodation services, with the room rates being higher for daily accommodation than for long-stay. At present, long-stay clients range from 1 month to 1 year, with details of average room rates for each type of room as follows:

Average Historical Room Rates for Daily and Long-Stay Accommodation

	2017	2018
Daily average room rate (THB/Day)	4,570	4,615
Daily occupancy proportion (Percentage)	51	47
Long stay average room rate (THB/Day)	2,406	2,581
Long stay occupancy proportion (Percentage)	49	53

Source: BR

The project currently has a total of 15 long-stay accommodation contracts with clients which are due to expire after 30 April 2019, which is the date that the Company’s transaction is expected to be complete. In the draft sublease agreement between the Company and BR, BR is required to transfer the rights in all the long-stay rental contracts to the Company, thereby resulting in the Company immediately having clients and income upon entering into the transaction. The details regarding remaining duration of the long-stay rental contracts are summarized as follows:

Summary of Remaining Period of Long-stay Rental Contracts from 30 April 2019

Remaining Contracts Period	Less than 1 month	1 – 3 months	3 – 6 months	6 months – 1 year
Number of rooms	4	-	5	6

Source: BR

Nevertheless, following the Company's entering into the transaction to sublease the areas of the hotel and long-stay accommodation, the Company will manage such hotel and long-stay accommodation business under its own corporate group brand, namely Dusit Thani Suite Hotel, thereby requiring BR to terminate the previous hotel management contract with all costs associated with the termination of such contract being the responsibility of BR.

1.1.3.3 Industry Overview

Overview of Hotel Industry in Bangkok

The number of tourists who stay in Bangkok in recent years has continually grown. Between 2015-2018, the number of tourists, divided into Thai and foreign tourists, who stayed in Bangkok is as follows:

Number of tourists in Bangkok between 2015-2018¹

Number (millions)	2558	2559	2560	2561E ²
Thai tourists	12	13	13	-
Foreign tourists	19	19	21	-
Total	31	31	34	35

Source: thai.tourismthailand.org

Note ¹ Consist of all types of accommodation, including hotels, resorts and villas

² Approximate number

In 2015, the number of tourists who stayed in Bangkok increased by approximately 6 million or an increase of 22 percent, of which 16 percent is attributed to the increase of foreign tourists while the increase in Thai tourists was by 32 percent compared to 2014. For 2016, the increase in tourists staying in Thailand increased by about 700,000, equivalent to approximately 2 percent with the increase in Thai tourists accounting for 8 percent compared to 2015 while foreign tourists declined by 1 percent over the previous year. As for 2017, the number of tourists who stayed in Bangkok increased by approximately 3 million or 8 percent with an increase in foreign tourists of 9 percent and the increase in Thai tourists by 7 percent. The increase in the number of tourists each year is due mainly to the continuous increase in the number of Chinese tourists as well as the higher number of Thai tourists who are travelling more in the country every year. Details of the occupancy rate of all types of accommodation in Bangkok are as follows:

Occupancy rate of accommodation in Bangkok, 2015 - 2018

	2558	2559	2560	2561*
Occupancy rate (Percentage)	76	78	79	81

Source: thai.tourismthailand.org

Note * Estimate number

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In 2015-2018, the occupancy rate of accommodation in Bangkok increased by 8 percent, 2 percent, 1 percent and 2 percent, respectively, due mainly to the increase in the number of tourists who stayed in Bangkok as mentioned above.

As for new demand for new supply of luxury and high-end hotels in the period 2019 - 2025, it is expected that the volume will be approximately 7,000 rooms, most of which are located in the Sukhumvit area, as per the following details:

New supply of luxury and high-end hotels in Bangkok in the future

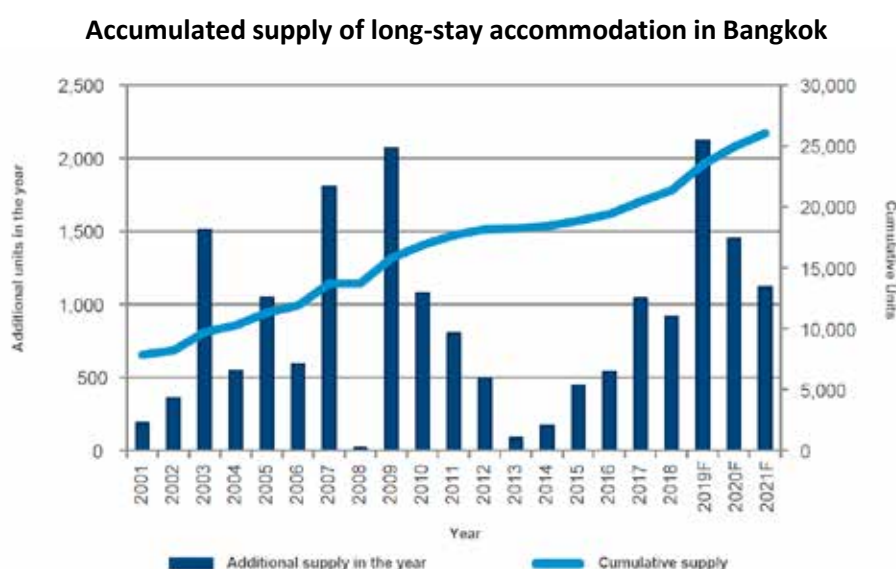
Hotel	Location	Number of rooms (room)	Year of operation
Luxury Hotel			
The Capella Bangkok Hotel	Chareonkrung	100	2019
Four Seasons Hotel Bangkok, Chao Phraya River	Chareonkrung 64	300	2019
Rosewood Bangkok	Ploenchit	159	2019
Kimpton Hotels and restaurants	Lang suan	349	2020
Sindhorn Kempinski Hotel	Lang suan	200	2020
Sindhorn Midtown Hotel	Lang suan	475	2020
Steigenberger Hotel Riverside Bangkok (Formerly River Garden Hotel)	Chareonkrung 42	259	2020
Hotel by Nai Lert Group	Wireless Road	60	2021
Grande Centre Point Hotel	Sukhumvit 10	N.A.	2021
The Langham Bangkok at Chao Phraya River	Chao Phraya River	250	2022
Dusit Central Park	Saladaeng / Rama 4	300	2021 *
One Bangkok	Wireless Road	1,000	2022 – 2025
The Parq	Thep Prathan	N.A.	N.A.
Total Luxury hotel		3,452	
First-class hotel			
Hotel Nikko Bangkok	Sukhumvit 55	300	2019
Hyatt Regency	Sukhumvit 13	300	2019
Carlton Hotel	Sukhumvit 27	342	2019
The Quarter at Ploenchit	Ruamrudee Soi 2	113	2019
Sathorn 1 Hotel	Sathorn 1	42	2019
Avani Sukhumvit Bangkok	Sukhumvit 81	382	2019
The Quarter at Phrom Phong	Prompong	120	2020
Staybridge Suites Thonglor	Sukhumvit 55	303	2020
Eastin Grand Hotel	Phaya Thai	394	2020
Origin 24	Sukhumvit 24	400	2020
Hotel at Asiatique the Riverfront (Phase 2)	Chareonkrung 42	800	N.A.
Total First-class hotel		3,496	
Total		6,948	

Source : The asset valuation report of the Pathumwan Project conducted by American Appraisal (Thailand) Company Limited (“AA”)
Note * From the management interview, It is expected that the Dusit Central Park project will commence around the end of the year 2022.

Overview of the market for long-stay accommodation in Bangkok

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As at Q4 of 2018, long-stay accommodation in Bangkok stood at approximately 20,372 rooms with about 4,689 rooms under construction and estimated to be completed in the period 2019-2021. However, it is expected that the new supply of long-stay accommodation in the future would not be much and the number should decrease as it has in recent years due to fierce competition with luxury condominiums and apartments. Details of the accumulated supply of long-stay accommodation in Bangkok are as follows:

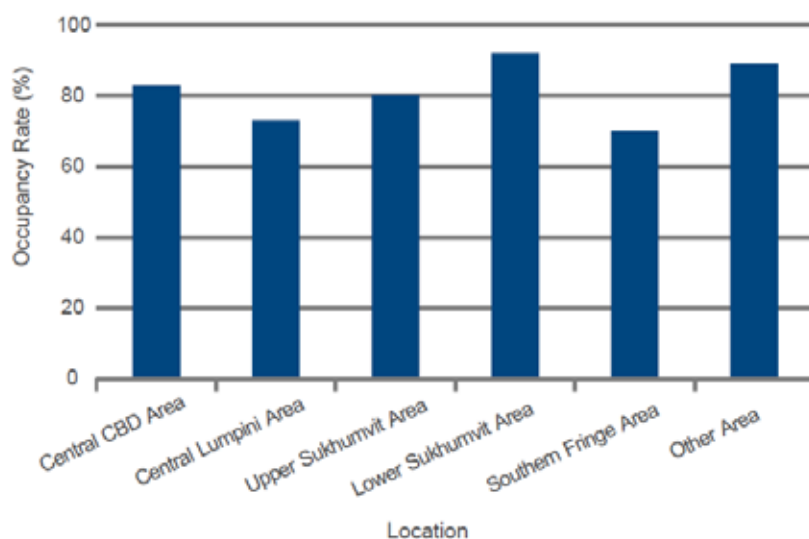


Source : Colliers International Thailand Research Department

The average occupancy rate of long-stay rooms in Bangkok at the fourth quarter of 2018 is approximately 74-90 percent, with locations in business centers and along Sukhumvit Road being the most popular among foreigners who come to Bangkok for work as a result of the many available facilities especially access to the BTS Skytrain system. The average occupancy rate for such areas is not at such a very high level compared to locations around Lumpini Park which has the highest average occupancy rate in Bangkok. Details of the average occupancy rate of each location in Bangkok are as follows:

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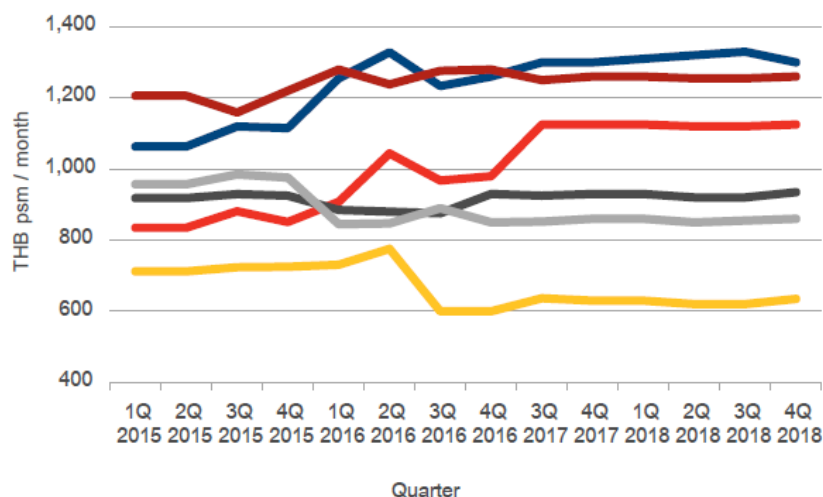
Average occupancy rate of all locations in Bangkok as at Q4 of 2018



Source : Colliers International Thailand Research Department

In addition, as the long-stay accommodation in Bangkok usually cost an average of over THB 840 per square meter per month in all the locations except in the southern areas surrounding the city of which the average cost is approximately THB 640 per square meter per month, while the area around Lumpini Park has the highest average rent of more than THB 1,200 per square meter per month due to the many international brand luxury long-stay accommodation available in that area.

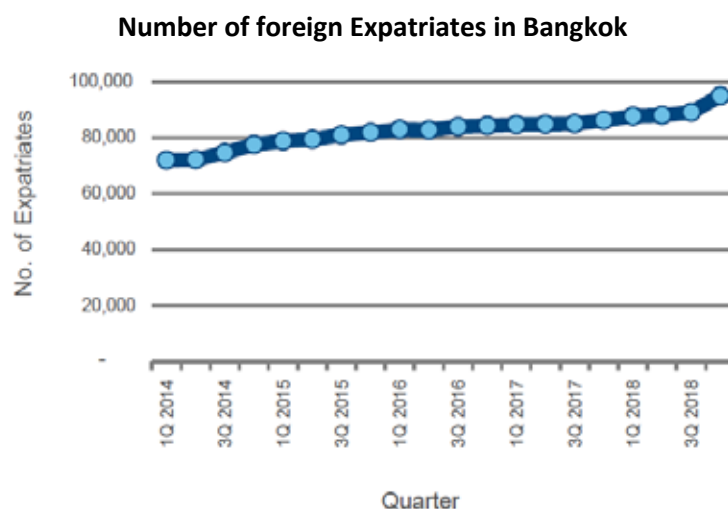
Average rent of all locations in Bangkok as at Q4 of 2018



Source : Colliers International Thailand Research Department

Furthermore, Bangkok has approximately 95,033 foreigners who have applied for work permits, a continual increase in the past year. Details of the number of foreigners who applied for work permits in Bangkok from the first quarter of 2014 to the fourth quarter of 2018 are as follows

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Source : Colliers International Thailand Research Department

And from the survey conducted by American Appraisal (Thailand) Company Limited (“AA”), who had prepared the asset valuation report of the Pathumwan Project, it was found that most of the hotels and long-stay accommodation were located in the Rajdamri area, with the number of rooms per hotel ranging from 94 to 497 rooms and the rate per night ranging from THB 2,949 to THB 32,750 (for all types of rooms). Comparative details of the number of rooms, room size and price of the hotels are as follows:

**Comparison of information on hotels and long-stay accommodation
which has similar location and characteristics to Pathumwan Project**

No.	Comparable data	Location	Type	No. of rooms	Size (sq.m)	Price (THB/Room/Night)
1	Anantara Siam Bangkok	Ratchadamri	Hotel	354	42 – 198	6,400 – 31,000
2	The St. Regis Bangkok	Ratchadamri	Hotel	228	45 – 170	7,750 – 32,750
3	Hansar Bangkok Hotel	Ratchadamri	Hotel	94	59 – 82	4,333 – 9,121
4	Grand Hyatt Erawan Bangkok	Ratchadamri	Hotel	380	40 – 120	6,900 – 16,000
5	Oriental Residence Bangkok	Wireless road	long-stay	145	45 – 120	5,700 – 15,000
6	Mayfare Bangkok Marriott Executive Apartments	Langsuan	long-stay	160	54 – 131	3,999 – 10,199
7	Grande Centre Point Ratchadamri	Ratchadamri	long-stay	497	44 – 111	2,949 – 14,959
8	Grande Centre Point Ploenchit	Ratchadamri	long-stay	94	38 -131	3,800 – 12,000

Source : The asset valuation report of the Pathumwan Project conducted by American Appraisal (Thailand) Company Limited (“AA”)

Note * Price is not included breakfast

1.2 Reasonableness of the Transaction

1.2.1 Objective and Benefits of the Transaction

The Company’s core business is the hotel business, providing five-star and four-star hotels service. As the past, hotels owned and managed by the Company, as well as hotels which the Company provides management services under its corporate brand, have well-known reputation and are widely recognized in good quality of service with high standards by both Thai and foreign clients. In order to enhance potential of

competitiveness in its core business operations and aiming it to become "one of the leaders in international hotel business" according to business objective, as well as maintaining stable growth in its performance in the future, the Company, therefore has plans to continually expand its business, both domestically and internationally, especially in projects which have high returns and are located in prime tourist locations or business centers with good potential.

The Pathumwan Project in which the Company would like to invest, is a hotel and long-stay accommodation project which has good operating performance. Moreover, the Company expects to use its corporate brand, "Dusit Thani Suite Hotel", in the management of the project. The project location is in the business center of Bangkok where a number of embassies, major corporate offices, leading department stores and five-star hotels are also located. It is also an area that has a complete and efficient transport system. Therefore, investment in the Pathumwan Project, which comprises hotel rooms and long-stay accommodation represents another option for travelers, both Thai and foreign, which is why the Company is considering investing in such project, in order to expand its hotel network, a key factor in driving the Company to achieve its business goal to be one of the leaders of the hotel industry.

1.2.2 Advantages and Disadvantages of the Transaction

Advantages of the Transaction

a) It is an investment in assets that have the potential to generate income immediately after start operation

The area of the hotel and long-stay accommodation of Pathumwan Project is currently under the management of Anantara with historical occupancy rate in 2016 – 2018 of 82, 83, and 78 percent respectively, and the average rental rate in the same period at THB 3,256, THB 3,458 and THB 3,626 per day, respectively.

Furthermore, after investing in the project, the Company will have the long-term sublease agreement of approximately 19 years and 6 months (from 30 April 2019 which is the date that the transaction is expected to be completed), a sufficiently long period for the Company to gain returns on investment as expected. Examples of the advantages of this asset and various supporting factors are as follows:

- The Pathumwan Project Building has been well maintained and in good condition facilitated with, utilities and infrastructure, electrical, plumbing, telephone, sewerage, fire protection and fire-fighting systems, as well as holding area in the back hotel using in operation and well transportation routes which render convenient access to and from the building
- Convenient transportation by Skytrain, The Pathumwan Project Building is approximately 150 meters from the Ratchadamri BTS Skytrain Station
- Regard to hotel outlook, the number of tourists has raised gradually in Bangkok area from Chinese and Thai tourist which has increase annually. As a result, in 2015 2018, the average occupancy rate of hotel in Bangkok has increased by 8 percent, 2 percent, 1 percent, and 2 percent, respectively causing an increase of demand in each year.

Based on the above factors, it is evident that the asset in which the Company is investing has the potential to continuously generate income for the Company well into the future, resulting in opportunities for the Company to gain good revenues and good return on investment from entering into this transaction. Moreover, the Pathumwan Project is a hotel and long-stay accommodation business which has been operating and managed by the Affiliate of MINT under the Anantara brand for more than 10 years with good operating results during that period, combined with the fact that the project had groups of clients

who use the services of the hotel and long-stay accommodation on a regular and continual basis. In addition, the transaction terms and conditions require BR to transfer all the long-stay rental contract rights to the Company. Therefore, investing in this asset will enable the Company to recognize income immediately after entering into the transaction.

b) The Company is be able to expand its hotel network of the group in Bangkok

The sublease of the Pathumwan Project property under the management of the Company's "Dusit Thani Suite Hotel" brand is an expansion of the Company's hotel business because the Company saw the potential of the hotel and long-stay accommodation business of this project from its reputation among clients, both Thai and foreign. In addition, the Pathumwan Project is in a prime central business location in Bangkok where The Pathumwan Project is only approximately 150 meters from the Rajdamri Skytrain Station.

As such, the Company's decision to invest in the project area is an important strategic investment to gain competitive advantage for the corporate group, as well as expanding its hotel network under the Dusit Thani brand in Bangkok.

c) The Company would be able to retain the employees of Dusit Thani Bangkok

On 5 January 2018, the Company closed the Dusit Thani Bangkok Hotel to start construction of its new mixed-use real estate project; however, the Company did not terminate its employees' contract. Hence, investment in the ASAI Chinatown Project would enable the Company to reemploy staffs from Dusit Thani Bangkok into the new project and utilize the benefit from human resources with maximum efficiency.

d) Diversify the risks of the Company's revenue source

The Company operates a hotel business and a hotel management business. In addition, there are investment units in the Dusit Thani Freehold and Leasehold Investment Trust ("DREIT"), all of which are invested and managed in leading hotels in countries around the world such as the Dusit Thani Hotel Bangkok, Dusit Thani Hotel Pattaya, Dusit Thani Hotel Huahin, Dusit Princess Hotel Chiang Mai in Thailand, Dusit Thani Hotel Manila in the Philippines, Dusit Thani Hotel Maldives in the Maldives, Dusit Thani Dubai in the United Arab Emirates, Dusit Thani Lake View Cairo Hotel in Egypt, Dusit Thani Dongtai Jiangsu Hotel in China, etc.

Investment in the project would enable the Company to increase its revenue source in Thailand which would mitigate risk in case revenue from its hotel business in other countries decline due to economic conditions, tourism, natural disasters and other incidents. In addition, it will reduce risk of the Company's source of revenue in the event that hotel properties owned or managed by the Company need to close for major renovations, as is the current case with the Dusit Thani Hotel Bangkok which had been operated for more than 50 years and is undergoing major improvement at the site of the previous hotel with renovation of grounds and construction of a new mixed use project, expected to be completed and open for operation in 2022.

Disadvantages and Risks of entering the Transaction

a) Increased obligations from debts and interest expenses

The Company's investment in the Pathumwan Project will require a total investment amounting to THB 740.00 million with funding from the Company's internal cash flow and various funding sources as necessary and appropriate such as long-term loans from financial institutions or offering of debentures.

The Company also has short-term loan facilities with financial institutions that are ready to use in the amount of approximately THB 2,800 million which the Company plans to use until such time the Company can negotiate and secure long-term loans from financial institutions or proceed to offer for sale of debentures.

From the consolidated financial statements of the Company and subsidiaries ("Corporate Group") as at 31 December 2018, the Corporate Group has loans from financial institutions, debentures and financial lease liabilities in the amount of THB 2,011.59 million, with the interest-bearing debt-to-equity ratio at 0.33 times. Therefore, in borrowing money to enter into such transaction, the Corporate Group will have an additional borrowing amount of not more than THB 740.00 million. As a result, after entering into the transaction, the Corporate Group will have loans from financial institutions and debentures in the amount of THB 2,751.59 million and interest-bearing debt to equity ratio of 0.45 times. In addition, if the funds that the Company is required to borrow to invest in ASAI Chinatown Project in the amount of THB 954.30 million is included as well, the Company will have loans from financial institutions and debentures after entering into the transaction totaling THB 3,705.89 million and interest-bearing debt to equity ratio of 0.61 times.

However, the Independent Financial Advisor deems that, considering the profit before interest, tax, depreciation and amortization of the Corporate Group, including cash and cash equivalents currently available, including the net cash flow expected to be received from the investment in the Pathumwan Project, the Independent Financial Advisor expects that there will be sufficient funds to pay interest on the short-term loans, as well as the long-term loans from financial institutions or debentures to enter this transaction.

b) Risk of the project's performance falling short of expectation

In the event that the performance of the project is not as expected, which may occur from many factors such as the slowdown in the global economy, intensified competition in the domestic hotel market, decreased number of tourists in Bangkok, etc. resulting in a risk to the Company of a delay in receiving returns on its investment than presently expected.

c) Risk from breach of long-term land lease agreement between BR and landlord

In the event that BR, which leases the land and building of the Pathumwan Project from Vajiravudh College under the Main Lease Agreement, breaches the agreement by, for example, defaulting on rent payment and not being able to remediate within the specified period, resulting in BR being in breach of the main lease contract which would allow Vajiravudh College, as the lessor, to terminate the Main Lease Agreement. This would mean that the Company is no longer able to sublet the area in the building which is located on the land from BR.

However, in the draft sublease agreement between the Company and BR, there are Step-in-Right provisions granting the right to the Company to continue renting the asset, in the event that BR breaches the Main Lease Agreement, under the same terms and conditions of the Main Lease Agreement, whereby the Company will pay rent to the lessor at the rate stipulated in the main contract, with BR required to repay the sublease fee and the service fee back to the Company in the ratio equal to the remaining sublease and service period in the sublease and service agreements between the Company and BR.

In addition, in order to mitigate such risk, BR agrees to secure a bank guarantee in the amount of THB 250.00 million for a period of 19 years and 6 months in order to guarantee payment of compensation to the Company in the event that BR breaches any condition in the main lease agreement of the Pathumwan

Project and the sublease agreement, and will amortize the amount of guarantee each year according to the amount that the parties will further agree.

1.3 Fairness of price and conditions for entering into the transaction

1.3.1 Fairness of price for entering into the transaction

The Company proposes to sublease the hotel and long-stay accommodation of the Pathumwan Project from BR with an investment value of not more than THB 740.00 million. In considering the appropriateness of the price for entering into this transaction, the Independent Financial Advisor has considered 2 methods of property valuation as follows:

- 1) Fair price valuation by Independent Appraisers
- 2) Fair price valuation by Independent Financial Advisors

Details of each price appraisal method are as follows:

1.3.1.1 Fair price valuation by Independent Appraiser

In determining the fair value of the price of entering into the transaction of subleasing the area of the hotel and the long-stay accommodation of the Pathumwan project from BR, the Independent Financial Advisor considered the appropriate price based on the fair value from appraisal report, with public purpose, by American Appraisal (Thailand) Co., Ltd. ("AA") who is an asset appraiser approved by the SEC. AA has performed the valuation of the assets on 30 April 2019 which is the expected date that the transaction will be completed.

AA assessed the fair value of the price of investment in the Pathumwan Project using Income Approach. AA has prepared the projections for a period of 19 years and 6 months, which is the period of sublease agreement for the building area that the Company will invest from 30 April 2019, which is the date that the transaction is expected to be complete and the date of the asset valuation, until October 30, 2038, which is the date of expiration of the sublease agreement.

From the projection period, AA has prepared an estimate of revenue generated from the assets in the future, deducted by various expenses which are expected to occur in the implementation of the project, based on the assumption from the market survey of hotels with similar characteristics and locations to the assets appraised, to find net cash flow in each year, then discount the cash flow into present value by using the discount rate to determine the asset value at the valuation date; the assumptions can be summarized as the following:

Assumptions	Details
General assumptions	
Asset details	Sublease rights in the area of Baan Rajprasong Building including the 1 st – 12 th and 12A floors of Baan Rajprasong Building for developed as a DTC hotel
Sublease period	30 April 2019 – 31 October 2038
Gross Floor Area	9,499.56 sq.m.
No. of rooms	97 Rooms 2 types which are as follow: - 68 Daily rooms - 29 Long-stay rooms
Revenue assumptions	

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Assumptions	Details
Occupancy Rate	Approximately 80.00% for the projection period (Based on the average occupancy rate of hotels in Bangkok from AA's database.)
Average Daily Rate	Long-term tenant: 3,300 THB / room Daily tenant: 5,000 THB / room (The assumptions are based on the average room rate from the survey of hotels and long-term accommodations with similar location to the appraised property*.)
Average Daily Rate growth rate	2020 – 2022 : growth rate at 5.00% per year 2023 – 2039 : growth rate at 3.00% per year (Based on the business plan of the company's management)
F&B revenue	Forecasted to be 16.00% of room revenue
Other revenue	Forecasted to be 3.00% of room revenue
Parking revenue	Parking revenue from all 36 parking spaces can be divided into 2 categories which are - 27 parking spaces for monthly customers THB 3,000 / car with 100.00% occupancy rate - 9 parking spaces for hourly customers THB 50 / car / hour, with 50.00% occupancy rate The parking rate has 3.00 percent growth per year.
Departmental costs assumptions	
Rooms costs	Forecasted to be 16.00% of room revenue
F&B costs	Forecasted to be 70.00% of F&B revenue
Other costs	Forecasted to be 50.00% of other revenue
Undistributed operating expenses assumptions	
Parking expenses	Forecasted to be 25.00% of parking revenue
Selling and marketing expenses	Forecasted to be 3.00% of total revenue
General and administrative expenses	Consist of - Personnel expenses: Forecast to be 15.00% of total revenue in 2019 and growth rate of 3.00% per year - Energy: Forecast to be 4.00% of total revenue - Property Operation Maintenance Energy Cost: Forecast to be 3.00% of total revenue
Hotel management expenses	Management fee: Approximately 2.00% of total revenue Incentive fee: Approximately 1.00% of operating profit
Fixed charges assumptions	
Property insurance	Forecasted to be 0.22% of total revenue in 2019 and growth rate of 3.00% per year
FF&E	Forecasted to be 1.00% of total revenue
Land tax expenses	Forecasted to be 1.00% of total revenue
Renovation	Forecasted to be 1.00% of total revenue
Discount rate assumptions	
Discount Rate	10.00%

Remark * Details of Comparison of information on hotels and long-stay accommodation which has similar location and characteristics to Pathumwan Project , which appears in Section 1.1.3.3 Industry overview of this report

From the assets valuation by AA through using Income Approach as the main appraising method, the Independent Financial Advisor opines that it is an appropriate approach for valuation an assets with revenue-generating capability with an assumptions that, in the future, the revenue might subject to change according to industry condition, which is consistent with the current assets' condition which is hotel and long-term accommodation. Furthermore, from considering and interviewing AA about the information referred and assumptions used in forecasting revenue, cost, and expense of the assets, the Independent Financial Advisor opines that the aforementioned assumptions are appropriate. **Therefore, the Independent Financial Advisor has considered the appraised value prepared by the independent appraiser to value the Project as of 30 April 2019, which is the date that the transaction is expected to be completed equal to THB 758.00 million. When compare the value with the transaction price of Pathumwan Project, which has amount of THB 740.00 million, the appraised value from the independent asset appraiser is higher than the transaction price by THB 18.00 million or 2.37 percent higher.**

1.3.1.2 Fair price valuation by Independent Financial Advisors

In determining fair value of the investment in Pathumwan Project, the Independent Financial Advisor based its consideration of the fair value by applying only the Discounted Cash Flow method since this method considers the ability to generate cash flows in the future of the project from the date that the Company expects to enter into the transaction until the end of the sublease agreement for all areas from BR, which is from 30 April 2019 to 31 October 2038, a total period of approximately 19 years and 6 months; then calculate the weighted average cost of capital (WACC) under the target capital structure of the Company to obtain the current value of the project as of 30 April 2019.

In making the assumptions in this estimate, the Independent Financial Advisor has referred to the investment plan and operation plan of the Pathumwan Project from interviews with the management and the team of the Company, including related documents, as well as considering prevailing industry conditions, the current economic situation and information that was available at the time of this study. As such, any change in the factors may impact on the opinion of the Independent Financial Advisor to change accordingly. This estimate is based on the following assumptions:

Assumptions	Details
Revenue assumptions	
Asset details	Sublease rights in the area of Baan Rajprasong Building including the 1 st – 12 th and 12A floors of Baan Rajprasong Building for developed as a DTC hotel (Based on sublease agreement between DTC and BR on 26 March 2019)
Sublease period	30 April 2019 – 31 October 2038 (Based on sublease agreement between DTC and BR on 26 March 2019)
Gross Floor Area	9,499.56 sq.m. (Based on sublease agreement between DTC and BR on 26 March 2019)
No. of rooms	97 Rooms 2 types which are as follow: - Daily room total 68 rooms - Long stay room total 29 rooms (Based on the business plan of the company's management)
Occupancy Rate	- 2019 – 2024, and 2026 forecasted to be at 80.00% since this period is the start of operation under the Dusit Thani trademark - 2027 – 2031, 2033 – 2038 forecasted to be at 83.00% because the hotel has operated under the Dusit Thani trademark for a period. Therefore, the occupancy rate is stable under this period

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Assumptions	Details
	<p>- 2025 and 2032 forecasted to be at 77.00% and 80.00%, respectively, due to the year, the hotel has renovated building causing the occupancy rate is reduced by 3.00% in that year.</p> <p>(All above assumptions are based on the management interview regarding the hotel management plan after changed hotel trademark, information related to hotel in the location and characteristic and IFA will adjust down mentioned information based on conservative basis. In addition, IFA expect that the Company will be able to manage the Pathumwan project to maintain the forecasted occupancy rate as considering a level of average occupancy rate of Dusit Thani Bangkok even it has a total of 517 rooms which are much larger than Pathumwan project)</p>
Average Daily Rate	<p>Long term tenant: 3,333 THB / room</p> <p>Daily tenant: 5,100 THB / room</p> <p>(Based on the market data of nearby hotels, referred to the appraisal report of the Pathumwan Project prepared by AA)</p>
Average Daily Rate growth rate	<p>2020 – 2024 : forecasted to be 5.00% increase in room rates from the previous year</p> <p>2025 – 2039 : forecasted to be 3.00% increase in room rates from the previous year (Based on the executive interview regard the hotel management plan after change to DTC trademark)</p>
F&B revenue	<p>forecasted to be 16.00% of room revenue</p> <p>(Based on management interview and average F&B income in 2016 - 2018 adjusted down with conservative basis)</p>
Other revenue	<p>forecasted to be 3.00% of room revenue such as revenue from laundry services Telephone service etc. (Based on the management interview and company information. IFA views that the data is aligned with information from database of independent appraisers)</p>
Departmental costs assumptions (Based on the management interview and company information. IFA views that the data is aligned with information from database of independent appraisers)	
Rooms costs	forecasted to be 16.00% of room revenue
F&B costs	forecasted to be 70.00% of F&B revenue
Other costs	forecasted to be 50.00% of other revenue
Undistributed operating expenses assumptions (Based on management interview and company information)	
Selling and marketing expenses	forecasted to be 4.00% of total revenue
General and administrative expenses	<p>forecasted to be 17.27 – 18.28% of room revenue estimate based on</p> <ul style="list-style-type: none"> - Personnel expenses: Approximately 12.02% of total revenue in 2019 and growth rate of 3.00% per year - Energy: Approximately 3.00% of total revenue - Property Operation Maintenance Energy Cost: Approximately 3.00% of total revenue
Fixed charges assumptions	
Property insurance	<p>forecasted to be 0.12% of total revenue in 2019 and growth 1.50% every year</p> <p>(Based on the management interview regard hotel management plan)</p>

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Assumptions	Details
FF&E	1.00% of total revenue (Based on the management interview regard hotel management plan)
Land tax expenses	- 2019, forecasted to be 1.00% of total revenue (based on property tax expenses in 2016 - 2018) - 2020 - 2021, estimated according to the progressive tax rate in the range of 0.30 – 0.70% on land and building appraisal prices - 2022 – 2039 forecasted to be 1.20% % on land and building appraisal prices (All above assumptions based on the property Tax Act 2019 and the appraisal value by the Treasury Department which is proportional to the total area of the Pathumwan project compare with total area of Baan Rajprasong)
Depreciation and amortization assumptions	
Depreciation and amortization of building improvements	Depreciation and amortization for a period of 7 years according to the renovation period (Renovation) which will be performed every 7 years (based on management interview regarding the building improvement plan and accounting policies)
Working capital assumptions (based on management interview)	
Debt collection period	30 days
Repayment period	30 days
Capital expenditures assumptions	
Rebranding cost	Amount of THB 2.00 million in 2019 (Based on the executive interview regarding the hotel management plan)
Renovation	The company will start the renovation of the building every 7 years since 2020 forecasted to be 1.00% of total revenue 7 years prior to that time (Based on the executive interview regarding the hotel renovation plan)
Tax assumptions	
Income tax	20.00% of net income (Based on corporate income tax rate from the Revenue Department)

Although the Pathumwan and ASAI Chinatown projects have similar business operations, the hotel business. However, the Independent Financial Advisor considers and set assumptions differently in the valuation of the project since these projects have differences of location and surrounding, property size and scale, and target customers. Whereby, the different key assumptions are as follows:

- Room rate and occupancy rate assumptions between Pathumwan and ASAI Chinatown projects vary depend on location, service level, and the hotel brand positioning
- F&B income assumption of the Pathumwan project is less than the ASAI Chinatown project since the Pathumwan project's restaurant has mainly targeted hotel residents and guests while ASAI Chinatown project's restaurants provides services to not only hotel's guests but also external customers.
- Renovation cost assumption of the Pathumwan project is less than the ASAI Chinatown project because the Pathumwan project has provides some rooms for long-term accommodation which focuses on business customers, long-term tourists and Ex-pat, therefore these rooms will have better conditions than the daily rooms. While the ASAI Chinatown project, a lifestyle hotel, has fully provided daily room which focuses on the target group of travelers looking for original local travel experiences. In addition, ASAI Chinatown also focuses on providing restaurants services for residents and outsiders. For this

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reason, the ASAI Chinatown project will have the number of customers and turnover rate higher than the Pathumwan project. Therefore, the ASAI Chinatown project's renovation cost has set higher than the Pathumwan project in order to maintain the condition of the building, room, restaurant and lobby in conditions to attract more customers.

Discount Rate Assumptions

The IFA used the Company's Weighted Average Cost of Capital (WACC) as the rate to calculate the net present value of cash flows. The formula is as follows:

$$WACC = Ke * [E / (D + E)] + Kd * (1 - t) * [D / (D + E)]$$

Cost of equity ("Ke") can be calculated from the Capital Asset Pricing Model (CAPM) as follows:

$$Ke = Rf + \beta (Rm - Rf)$$

where

- Rf = The risk-free rate is based on the 30-year Government Bond Yield as of March 15, 2019 which equal to 3.33 percent (source : www.thaibma.or.th) which is the rate of return from Government Bond Yield that has long period and has frequent issuance and trading and cover the economic cycle.
- β = Beta co-efficiency between return on the Company's stock price and the change in the SET index ("Beta"). The IFA estimated the Company's beta based on historical beta over 3 consecutive years until March 15, 2019 which was 0.91 (source: Bloomberg) which has appropriate number of data and can better reflect the long-term investment condition and expectation of the investors than the short period of data
- Rm = The market return in which the IFA estimated to be 14.18 percent per year. This was based on the average return from investment in the SET Index over 35 years during 1984 – 2018 (source: www.set.or.th, and the calculation by the IFA) which is the period that better reflects investment conditions in many periods than the short period of data

In this regard, considering type and tenor of bond as data for risk free rate and historical period using in calculation of cost of equity such Beta, market return as mentioned, IFA has based on independent asset appraiser and/or the Company which Ke can be calculated as follows:

Calculation for the Company's Cost of Equity

Calculation factors	Assumption
Risk-free Rate (1)	3.33%
Risk Premium (Rm – Rf) (2)	10.85%
β (3)	0.91
Cost of Equity or Ke (4) = (1) + [(3) x (2)]	13.20%

The cost of equity (Ke) obtained from the calculation shown in the above table is 13.20 percent. Then, Ke is applied in the calculation of WACC in which the IFA obtained the value of 8.84%. Details of the calculation are demonstrated in the following table.

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Ke	=	Cost of equity based on Capital Asset Pricing Model ("CAPM") which equals to 13.20 percent as demonstrated in the above equation
Kd	=	Cost of interest-bearing debt which the IFA based on the Company's current interest rate and expected interest rate of loan in order to invest in long-term projects, which equals to 4.40 percent
t	=	The Company's corporate income tax rate which equals to 20.00 percent
D/(D+E)	=	The long-term target ratio of interest-bearing debt to total equity of the Company which is 45.00 percent, according to the Company's policy

Calculation for the Company's WACC

Calculation factors	Assumption
Cost of Equity or Ke (1)	13.20%
Cost of Debt or Kd (2)	4.40%
D/(D+E) (3)	45.00%
Corporate tax rate t (4)	20.00%
WACC or Discount Rate (5) = {(1) x [1-(3)]} + {(2) x [1-(4)] x (3)}	8.84%

Assessing the fair value of investments in Pathumwan Project

Based on the above assumptions IFA estimated free cash flow of the project during the projection period as follows:

Unit : THB million	2019 (May - Dec)	2020	2021	2022	2023
EBIT x (1-tax)	42.54	67.01	70.45	72.59	76.65
<u>Plus</u> Depreciation and amortization	0.07	0.10	0.10	0.10	0.10
<u>Minus</u> Working capital	(4.56)	(2.59)	(0.38)	(0.40)	(0.42)
<u>Minus</u> Capital expenditure	(2.00)	-	-	-	-
Free cash flow	36.06	64.52	70.17	72.29	76.32
PV of project	777.94				

Unit : THB million	2024	2025	2026	2027	2028
EBIT x (1-tax)	81.19	79.63	84.79	91.50	94.69
<u>Plus</u> Depreciation and amortization	0.10	0.10	1.66	1.66	1.66
<u>Minus</u> Working capital	(0.45)	0.14	(0.67)	(0.70)	(0.31)
<u>Minus</u> Capital expenditure	-	(10.90)	-	-	-
Free cash flow	80.84	68.97	85.78	92.46	96.04

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Unit : THB million	2029	2030	2031	2032	2033
EBIT x (1-tax)	97.34	100.39	103.53	107.12	104.26
Plus Depreciation and amortization	1.66	1.66	1.66	1.66	2.94
Minus Working capital	(0.31)	(0.32)	(0.33)	(0.34)	0.16
Minus Capital expenditure	-	-	-	(16.52)	-
Free cash flow	98.69	101.73	104.86	91.91	107.35

Unit : THB million	2034	2035	2036	2037	2038 (Jan - Oct)
EBIT x (1-tax)	112.51	116.05	120.09	123.45	105.50
Plus Depreciation and amortization	2.94	2.94	2.94	2.94	2.44
Minus Working capital	(0.86)	(0.37)	(0.39)	(0.39)	1.92
Minus Capital expenditure	-	-	-	-	-
Free cash flow	114.59	118.62	122.64	125.99	109.86

From the above assumptions in assessing the value of the Pathumwan Project, using the Discounted Cash Flow approach, **the fair value of the project is equal to THB 777.94 million as of 30 April 2019, which is expected completion date of the transaction.** The Project has generated an internal rate of return (IRR) at 9.46 percent with payback period of 9 years 7 months compared to investment value in the Pathumwan Project at THB 740.00 million.

Sensitivity Analysis

The Independent Financial Advisor conducted a sensitivity analysis of 2 factors expected to impact on the valuation of investment in the Pathumwan Project as follows:

1. Occupancy rate
2. Average Daily Rate (ADR)

In determining the fair value of the Pathumwan Project using the Discounted Cash Flow approach in the base case, the value is THB 777.94 million which, when the independent financial advisor analyzes the sensitivity of factors affecting the performance of the project, the fair value of Pathumwan Project, by setting the occupancy rate and room price to increase and decrease by 2.50 percent, details of which are as follows:

Factors	Rate
Case 1 : Occupancy Rate	+/- 2.50%
Case 2 : Average Daily Rate	+/- 2.50%

Results of the Sensitivity Analysis of the Fair Value of the Project

Factors (Unit : THB million)		Occupancy Rate		
		-2.50%	Base case	+2.50%
Average Daily Rate	-2.50%	743.39	754.63	765.86
	Base case	766.42	777.94	789.46
	+2.50%	789.44	801.25	813.06

From the sensitivity analysis results above, it is evident that **the fair value of the Pathumwan Project according to the valuation of the IFA is in range of THB 743.39 – 813.06 million. Compared with the investment value of the Pathumwan Project at THB 740.00 million, it was found that the fair value of the Pathumwan Project as valued by the IFA is higher than the value of the transaction by THB 3.39 – 73.06 million, or by 0.46 – 9.87 percent.**

Summary of the valuation results of the Pathumwan Project by the Independent Financial Advisor

The valuation of the Pathumwan Project using the Discounted Cash Flow approach has considered the ability to generate future cash flows of the project from the hotel and long-stay accommodation business, as well as the restaurant and other businesses, along with the management policy of the project in the future during the entire period of sublease which is from 30 April 2019 – 31 October 2038 in total of 19 years 6 months discounted by WACC under target capital structure of the Company as to obtain the fair value of the project as of 30 April 2019. The valuation considers management policy of hotel management in the future under period of sublease which is 19 years 6 months regarding income and expenses based on interviews with company executives, the assessment by independent asset appraisers, together with considering market data which reflects current business conditions. Meanwhile the valuation by an independent asset appraiser is an asset level assessment which does not take into account of the financial structure of the project and the working capital required to operate the project. Therefore, **the independent Financial Advisor views that Discounted Cash Flow Approach is the most appropriate approach to value the Pathumwan Project which has appropriate fair value in the range of THB 743.39 – 813.06 million. In comparison to the value of the investment in the Pathumwan Project of THB 740.00 million, it was found that the fair value of the Pathumwan Project as valued by the Independent Financial Advisor is higher than the value of the transaction by THB 3.39 – 73.06 million, or by 0.46 – 9.87 percent.**

1.3.2 Fairness of conditions for entering into the transaction

(1) Fairness of conditions in the case of prerequisites for sublease

The Independent Financial Advisor has studied information about the conditions of investment in the Pathumwan Project from the preliminary requirements for sublease, details of which appear in Section 1, Article 1.1.2 item (1) of this report. In considering the conditions of entering into this transaction, the Independent Financial Advisor is of the opinion that **such conditions are appropriate** since, if these were the conditions of any normal transaction to sublease real estate property, parties to the agreement can agree in many ways on various matters and the conditions do not put the Company at any disadvantage. Following are examples:

- Payment of a deposit of THB 50.00 million, equivalent to 6.75 percent of the total investment value that must be paid to BR, is considered an appropriate amount. In addition, such conditions also entitle the Company to receive refund of such deposits in various cases, as well as stipulating that the Company is required to make such payment into the escrow account in order to prevent the risk of confiscation of such deposit.
- Payment of the remaining amount upon completion of the sublease registration process to mitigate the risk to the Company in the event that the sublease registration is incomplete.
- Specifying conditions precedent to be a requirement for the parties to follow in order for the transaction to be completed, such as requiring the consent of the land owner to allow the Company to enter into a lease agreement for the area directly with the land owner in the event that BR breaches or does not comply with the conditions in the long-term land lease agreement with the land owner in order to prevent risks in the event that BR's Main Lease Agreement with the land owner is terminated.
- The stipulation that both parties to the agreement are each required to be equally responsible for the sublease registration fee, including the costs relating to taxes and stamp duty, with each paying half the costs.

(2) Fairness of conditions in the sublease agreement, the Purchase and Selling Agreement for Furniture, Fittings and Equipment and the Service Agreement

The Independent Financial Advisor has studied the information about the conditions of investment in the Pathumwan Project from the Sublease Agreement of the building area, the Purchase and Selling Agreement for Furniture, Fittings and Equipment, and the Service Agreement which are detailed in Section 1, Article 1.1.2, Clauses (2), (3) and (4) of this report and is of the opinion that **the conditions of entering into this transaction are appropriate** since, if these were the conditions of any normal transaction to sublease real estate property, parties to the agreement can agree in many ways on various matters and the conditions do not put the Company at any disadvantage. Following are examples:

- The preliminary requirements of the sublease, including the stipulation that BR is obligated to transfer all the rental contracts for long-stay accommodation to the Company, effective from the date of registration of the sublease of the property is completed, which is a source of income that the Company can realize immediately after entering the transaction.
- Requiring both parties to be responsible for the sublease registration fee, including other associated tax expenses and stamp duty, with each paying half, as well as stipulating that the Company is responsible for paying various taxes related to the service fees and payment of such service fees, are normal conditions in the registration of sublease and entering into a service contract to be agreed between the parties.
- The Company has the right to continue to sublease the asset (Step-in Right) in accordance with the terms of the main land lease agreement with the Company paying rent directly to the landlord in the event that BR does not pay the rent or breach any condition in the main lease agreement of the Pathumwan Project. In addition, BR will repay the sublease fee back to the Company in the ratio equal to the remaining sublease period in this Sublease Agreement.
- The Company has the right to terminate this agreement, including the right to be refunded for the sublease fee and service fee by BR in the ratio equal to the remaining sublease and service period. In the event that the Company is unable to take advantage of the sublease rights and the asset as expected, for example if the building and subleased asset is destroyed by various incidents, or if the Main Lease Agreement of the Pathumwan Project is terminated, or the rented property is expropriated, including if the Company's shareholders disapprove of the entering into and execution of the sublease agreement in the 2019 AGM No.26/2562 (2019) to be held on 26 April 2019, the Company is able to terminate the agreement with BR without losing any benefit or incurring any cost because the Company will have contract rights before the date of sublease registration and payment of the sublease fee, payment for the furniture, fittings and equipment and payment of the service fee to BR, including the right to be refunded the sublease deposit of THB 50.00 million from the escrow account.

Section 2 Acquisition in ASAI Chinatown Project

2.1 Characteristics and Details of the Transaction

The Company proposes to register usufruct agreements for the hotel area of I'm Chinatown Project, situated at No. 527 Charoenkrung Road, Pomprab Sub-district, Pomprab Sattruphai District, Bangkok from I am Chinatown Co., Ltd. ("ICT"), which would register usufructs in an area of 4th to 8th Floors of Building A of the I'm Chinatown Project, a rental space area of approximately 8,992.50 square meters (the "**Area in I'm Chinatown Building**") for a period of approximately 32 years (period of 2 usufruct agreements) as well as purchasing the furniture, fixture, and equipment (FF&E), and investment in right to use common properties and services in I'm Chinatown Project's area from ICT for the purpose of operating a hotel, restaurant and other businesses under the Company's brand "ASAI" (the aforementioned transaction is "**ASAI Chinatown Project**")

On 15 March 2019, the Company's Board of Directors, in its Meeting No. 4/2562 (2019) passed a resolution to propose to the Annual General Meeting of Shareholders No. 26/2562 (2019) to be held on 26 April 2019 for consideration to approve investment in I'm Chinatown Project from ICT with amount not exceeding THB 1,000.00 million, which is composed of Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement of ASAI Chinatown Project with amount of THB 954.30 million and other expenses that may arise in the future (if any). The project has funding sources from the Company's internal cash flow and other funding sources as necessary and appropriate, such as long-term loans from financial institutions or offering of debentures. The Company already has short-term loan facilities from financial institutions which are ready for use in the amount of approximately THB 2,800.00 million which the Company plans to use until the Company can negotiate and secure long-term loans from financial institutions or proceed to offer for sale of debentures.

2.1.1 Category and Size of the Transaction

Investment in the ASAI Chinatown Project has a total value not exceeding THB 1,000.00 million, which is composed of Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement of ASAI Chinatown Project with amount of THB 954.30 million and other expenses that may arise in the future (if any). The transaction is considered as an acquisition of assets of the Company according to the Announcement on the Acquisition or Disposition of Assets, with the transaction size equal to 8.64 percent of the total assets of the Company according to the total value of the consideration method, which is based on the audited consolidated financial statements of the Company for the year ended 31 December 2018. However, when calculating the total size of the asset acquisition transaction in ASAI Chinatown project (details as shown in Section 2 of this report) according to total value of the consideration method, the total transaction size would equal to 15.03 percent. Furthermore, when include all the transaction regarding acquisition of assets of the Company and the restructuring of the company's assets in the last 6 months in relation to the Dusit Thani Maldives project and the investment in the capital increase unit of Dusit Thani Freehold and Leasehold Investment Trust, which the Board of Directors Meeting No. 3/2562 (2019) on 25 February 2019 has also resolved to propose to shareholders at the Annual General Meeting No. 26/2562 (2019) to approve such matter, the total transaction size would equal to 40.15 percent according to the total value of consideration paid method. Furthermore, the Company's Board of Directors Meeting No. 4/2562 (2019) has a resolution to appoint the Independent Financial Advisor to render its opinions to shareholders on entering into such transaction to enable shareholders to have sufficient information to decide whether or not to give their approval, even though the transaction size is not up to the criteria that the Company has to propose to the shareholders' Annual General Meeting of Shareholders on the April this year to approve such transaction. The

Company proposes Pathumwan and ASAI Chinatown projects to the shareholders meeting for approval in order to manage time and expense as the Company plan to invest in additional assets in the future, and the current cumulative transaction size has almost reached the threshold that the Company has to propose a transaction to its shareholders for approval. is

2.1.2 Parties to the Agreement and Important Conditions of the Transaction

As ICT, the owner of I'm Chinatown Building, has a long-term land lease agreement, where such project is located, with Jiam Development Co., Ltd. ("JD") for a total period of 34 years, divided into 4 years of construction and opening period from 1 November 2017 until 31 October 2021 and 30 years of main lease period from 1 November 2021 until 31 October 2051 (collectively "**the Main Lease Agreement of I'm Chinatown Project**"). In addition, ICT has entered into a financial support agreement for a loan with Kiatnakin Bank Public Company Limited ("KK") and has taken the leasehold rights of the land under the Main Lease Agreement of I'm Chinatown Project and the I'm Chinatown project building as collateral for such loans ("**Financial Support Agreement of I'm Chinatown Project**"). Upon the conditions, the Company proposes to enter into Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement with ICT for registering usufructs in the Area of I'm Chinatown Building, including investment in purchasing the furniture, fixture, and equipment (FF&E), and investment in right to use common properties and services in I'm Chinatown Project's area from ICT for the purpose of operating a hotel, restaurant and other businesses.

Furthermore, the Company would enter into the transaction by registering usufructs instead of leasehold rights due to the negotiation between the contractual parties. However, from the registration of usufructs, the Company would not be deprived of benefits comparing to the registration of leasehold right. The details of each agreements are as the following:

Summary of Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement ("**Agreements for investment in ASAI Chinatown Project**")

Date of signing	:	Expected to be signed on 30 April 2019
Parties	:	the Usufructuary: Dusit Thani Public Company Limited (" the Company ") the Grantor: I'm Chinatown Co., Ltd. (" ICT ")
Assets under usufructs	:	Usufruct rights on the 4 th – 8 th Floors of Building A which is the hotel area of the I'm Chinatown Project (total area size of approximately 8,992.50 square meters)
Assets to be invested	:	Furniture, fixtures, materials, tools, equipment, electrical goods and amenities related to the operation of the hotel project.
Services	:	The grantor is required to provide basic utilities and relevant services, the area and common property for the use of the usufructuary (including hotel guests, employees and retainers of the usufructuary) according to the details and conditions in Service Agreement.
Usufructs and service period	:	The periods of usufructs and service are 32 years (included period of 2 usufruct agreements) from the date that all the conditions precedent have been fulfilled (unless waived by the usufructuary) which is expected to be completed on 31 December 2019.

Compensation	: The Company agrees to pay compensation to ICT for THB 954.30 million which has the details as the following: <ol style="list-style-type: none"> 1. Compensation for usufruct with a period of 32 years (included period of 2 usufruct agreements) regarding Usufruct Agreements with amount of THB 623.79 million 2. Compensation for common assets of I'm Chinatown Project with a period of 32 years regarding Service Agreement with amount of THB 179.29 million 3. Compensation for furniture, fixtures, and equipment which are related to the operation of ASAI Chinatown Project regarding FF&E Purchase Agreement with amount of THB 151.22 million <p>Whereby, the Company will pay a deposit for the investment amounting to THB 190.86 million into the escrow account by 27 March 2019. Such deposit in the escrow account will be paid to ICT under the following conditions:</p> <ol style="list-style-type: none"> 1. The Company receives approval from its shareholders in a resolution of the AGM to proceed with the execution of the terms and conditions stated in the Usufruct Agreements. 2. The Company and ICT jointly sign the Usufruct Agreements, FF&E Purchase Agreement, and Service Agreement. <p>The schedule of payment for the remaining compensation are under negotiation between the Company and ICT.</p>
Annual service fee	: The amount of THB 2.60 million per year, with a growth rate of the service fee equal to 2.25 percent per year.
Conditions precedent	: <ol style="list-style-type: none"> 1. ICT receives the certification of the building construction, modification or moving of the building. 2. ICT receives the license to operate a hotel business (Form Ror.Ror.2) and transfers or changes the name in such license from ICT to the Company. 3. ICT and JD, as the land owner, has amended the leasehold period in the main lease agreement of I'm Chinatown Project to start from 1 January 2020 and end on 31 December 2050. 4. ICT proceeds to obtain written consent from JD, as the land owner, to register the usufruct. 5. ICT obtains written consent from KK regard to grant the usufruct to the Company. 6. The Company receives approval from its shareholders in a resolution of the AGM to proceed according to terms and conditions stated in the Usufruct Agreements. 7. The Company has notified the appointment of hotel manager as designated by the Company 8.
Transfer of assets	: ICT will transfer possession of the assets which has been constructed, furnished and installed with the utilities systems as agreed between the parties to the Company within 30 September 2019, which may start before commencement of the usufruct period in order to enable the Company to complete the necessary preparations for the opening of the project.
Step-in Right	: In the event that ICT breaches the contract or fails to pay the rent to JD as the land owner, the Company may pay such rent to the land owner at the rate specified in the Main Lease Agreement and ICT agrees to return the compensation to the Company in the ratio equal to the compensation (calculated on a daily basis) of the remaining usufruct period.

Reasons for termination and consequences of terminating the agreements	<p>: The Company has the right to terminate the agreements in the event of any of the following:</p> <ol style="list-style-type: none"> 1. Both parties do not execute the related contracts and the Company does not receive an approval from its shareholders at the AGM within 30 April 2019. 2. ICT is unable to transfer possession of the asset which has been constructed and furnished to the Company within 30 September 2019. 3. The hotel management contract in I'm Chinatown Project with the current hotel management / manager cannot be cancelled without any dispute within 31 May 2019. 4. All of the conditions precedent have not been fulfilled within 31 December 2019. 5. ICT breaches any condition of the contract and does not amend within 30 days from the date of notification by the Company thereof. <p>If there is any of the above event which leads to the termination Usufruct Agreements, the Company will return possession of the asset in the condition of normal use of the property at such time (excluding the fixture of the asset, asset material and equipment, as well as furniture which are not fixtures, which the Company acquired to decorate the asset and area and the common property) within 60 days. In addition, ICT agrees to return compensation to the Company for the service fee which the Company has paid in advance, lack of benefit from the purchase of furniture, fixtures and equipment, in the ratio equal to the compensation paid by the Company in advance and the lack of benefit (calculated on daily rate basis) of the remaining usufruct period, which is not utilized by the Company.</p>
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Furthermore, the Company is currently negotiating with ICT to add the following conditions in the agreements:

- To add condition specifying that ICT would procure a Bank Guarantee with amount not less than THB 100.00 million to guarantee payment of compensation to the Company in order to mitigate the risk that ICT breaches any conditions in the main lease agreement of I'm Chinatown Project, resulting in the Company cannot utilize the benefit of usufructs on Area in I'm Chinatown Building as stated in Usufruct Agreements.
- To add a condition precedent state that ICT must unburden all or portion of obligations with KK before or on the date of usufruct registration in order to mitigate the risk that ICT breaches any conditions in the Financial Support Agreement of I'm Chinatown Project, resulting in the Company cannot utilize the benefit of usufructs on Area in I'm Chinatown Building as stated in Usufruct Agreements.
- To add a condition state that ICT would not establish additional obligations or loans that would be bounded with the assets to be invested.

However, since the area in I'm Chinatown composing of department store area that ICT can sublease to others, ICT have interests and benefits in I'm Chinatown Project. Hence, there is low risk and possibility that ICT would breach the Main Lease Agreement or Financial Support Agreement of I'm Chinatown Project causing ICT to lose the mention benefits.

However, draft agreements and contracts are still under negotiating process between the related parties in which the additional conditions would be finalized thereafter. Therefore, aforementioned summary of draft agreements and contracts are subject to change hereafter.

2.1.3 Information of Assets in the Transaction

2.1.3.1 General Information and Details of ASAI Chinatown Project

Location	:	No. 527 Charoenkrung Road, Pomprab Sub-district, Pomprab Sattruphai District, Bangkok
Details of assets	:	<p>(1) Usufruct rights in areas in the 4th – 8th Floors of Building A in I'm Chinatown Project, totaling an area of approximately 8,992.50 square meters, including the following:</p> <ul style="list-style-type: none"> - Hotel area of 5,293.00 square meters comprising 224 hotel rooms the size of 23 – 56 sq. m. each - Common property area of 3,699.50 sq. m. <p>(2) Ownership of furniture, fixtures and equipment related to the operations of a hotel and long-stay accommodation</p> <p>(3) Rights pertaining to the use of utilities services, common property and other services related to the operations of a hotel and long-stay accommodation</p>
Status of assets	:	<p>The I'm Chinatown Project is currently under construction and expected to be completed by 15 February 2020 consisting of 2 buildings which details are as follows:</p> <p>(1) Building A is a 9-storey building with 6 underground floors. The building space is for a hotel and department store with areas from the B1 – 3rd Floors allocated for the department store from the 4th- 8th Floors being the hotel and areas, with a total area of approximately 30,000 square meters.</p> <p>(2) Building B is a 9-storey building for a condominium, with a total area of approximately 32,000 sq. m.</p>
Ownership	:	<ul style="list-style-type: none"> ▪ The land on which the buildings are situated, Title Deeds Nos. 1737 to 1740 and Title Deeds Nos. 1843 to 1846, a total acreage of approximately 3 rais 33.50 square wah, is owned by JD. ▪ I'm Chinatown Project is owned by ICT.
Obligation	:	<ul style="list-style-type: none"> ▪ The land which is the location of the buildings is encumbered by a land lease agreement between JD, as the lessor, and ICT, as the tenant, for a period of 34 years, divided into the construction and opening period of 4 years from 1 November 2017 to 31 October 2021, and the main lease period of 30 years from 1 November 2019 to 31 October 2051. ▪ The land and I'm Chinatown Project are mortgaged with the Kiatnakin Bank Public Company Limited.

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Figure 4 Picture of I'm Chinatown Project



Figure 5 Project Location



The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Figure 6 Layout of 4th Floor Hotel

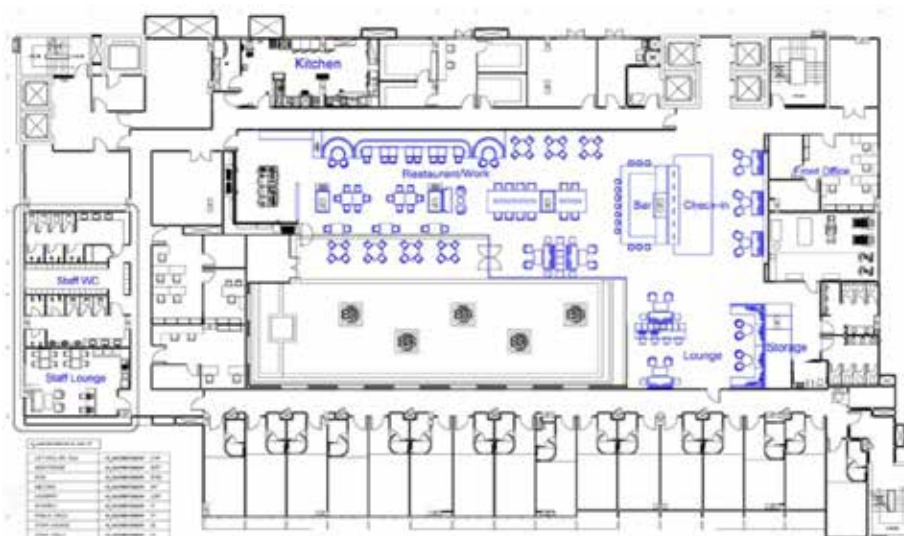
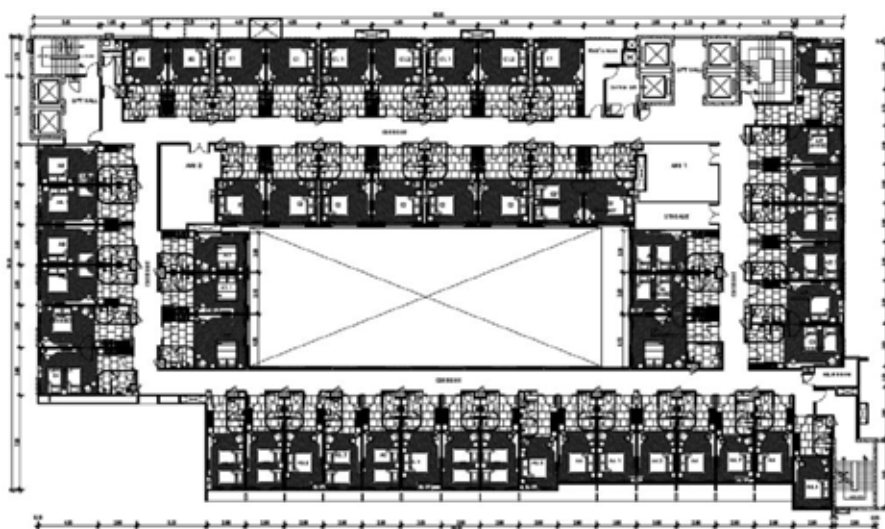


Figure 7 Layout of 5th- 8th Floors Hotel



2.1.3.2 Industry Overview

The shareholders can consider the hotel industry overview in Section 1.1.3.3 of this report. Furthermore, a survey of hotels conducted by Knight Frank Chartered (Thailand) Company Limited, which has issued an appraisal report for public purpose, shown details of hotels with similar characteristics and locations as the ASAI Chinatown Project as follows:

Hotels with Locations and Characteristics Similar to I'm Chinatown Project

Order	Name	Location	Number of Rooms	Room Size (square meters)	Price (THB/Room /Night)	Occupancy Rate (Percent)
1	Centra by Central Station	Trimit Road	150	27 – 28	1,400 – 2,900	80
2	Bangkok Centre	Rama 4 Road	243	26	1,400 – 2,500	75
3	Royal Bangkok @ Chinatown	Yawaraj Road	290	28 – 60	1,200 – 7,000	70
4	Shanghai Mansion Bangkok	Yawaraj Road	76	27 – 49	2,100 – 3,800	70
5	Grand China Bangkok	Yawaraj Road	155	26 – 65	2,100 – 4,600	80
6	Miramar Bangkok	Mahachai Road	127	23 – 60	1,200 – 2,700	75
7	Prince Palace	Damrongrak Road	744	35 – 60	1,500 – 4,200	60
8	Royal Princess Larn Luang	Larn Luang Road	167	30 – 42	2,100 – 8,200	70

Source : Valuation Report on Assets of I'm Chinatown Project by Knight Frank Chartered (Thailand) Co., Ltd.

2.2 Reasonableness of the Transaction

2.2.1 Objectives and Benefits of the Transaction

The Company's core business is the hotel business, providing five-star and four-star hotels service. As the past, hotels owned and managed by the Company, as well as hotels which the Company provides management services under its corporate brand, have well-known reputation and are widely recognized in good quality of service with high standards by both Thai and foreign clients. In order to enhance potential of competitiveness in its core business operations and aiming it to become "one of the leaders in international hotel business" according to business objective, as well as maintaining stable growth in its performance in the future, the Company, therefore has plans to continually expand its business, both domestically and internationally, especially in projects which have high returns and are located in prime tourist locations or business centers with good potential.

The Company proposes to invest in the ASAI Chinatown Project as the usufruct in Area of I'm Chinatown Building which is a mixed-use project currently under construction comprising hotel, department store, and condominium areas. The Company would use its corporate brand ASAI, a new brand under its corporate group with focus on target groups who are travelers looking for local experiences which coincides with the location of the hotel amidst tourist attractions in the old town that is famous for trading and full of famous restaurants that are popular to both Thai and foreigners. Furthermore, the ASAI Chinatown Project is in proximity to the Wat Mangkon Kamalawat subway station which is expected to open in 2019. The Company, therefore, considered investing in the project in order to expand its corporate hotel network, a key factor in driving the Company to become a leader in the hotel industry.

2.2.2 Advantages and Disadvantages of Entering into the Transaction

Advantages of Entering into the Transaction

a) It is an investment in assets that have the potential to generate income.

The I'm Chinatown Project is a mixed-use project comprising a hotel, department store and condominium, totaling an area of more than 60,000 square meters, located on the Charoenkrung-Yawaraj Road, which is an old town precinct famous for trade and full of famous restaurants popular among Thais and foreigners. After entering this investment, the Company will have 32 years of usufruct from the date of all conditions precedent completion which is expected to be within 31 December 2019. The period is sufficient for the Company to gain expected returns on investment. Examples of the advantages and various supporting factors of the assets are as follows:

- ASAI Chinatown hotel is a new hotel with modern style decoration, facilitated with electricity, plumbing, telephone and sewage, fire protection and fire extinguishing systems for the hotel as well as 6 floors parking space.
- The project is easily to access due to it located close to Wat Mangkon Kamalawat subway station in approximately 190 meters. As the station is expected to operation in 2019, corresponding with completion of construction period of the project.
- Regard to hotel outlook, the number of tourists has raised gradually in Bangkok area from Chinese and Thai tourist which has increase annually. As a result, in 2015 2018, the average occupancy rate of hotel in Bangkok has increased by 8 percent, 2 percent, 1 percent, and 2 percent, respectively causing an increase of demand in each year.

From the above factors, it is evident that the asset, which the Company proposes to invest, has potential to generate future income for the Company continuously, rendering an opportunity for the Company to receive revenue and high returns on investment by entering into this transaction.

b) The Company can expand its network of hotels in the Dusit Thani corporate group in Bangkok.

Investing in usufruct in Area of I'm Chinatown Building to operate a hotel business under the brand ASAI is considered as expansion of investment in hotel business. As the Company recognizes the prospect of the project location as a tourist attraction in the old town precinct famous for trade and full of famous restaurants popular for both Thais and foreigners, as well as being close to the Wat Mangkon Kamalawat subway station which is expected to operate in 2019. Furthermore, the Project is compatible with the brand ASAI which focuses on a travel searching for original local experiences as the project area is strategic location for hotel business. The Company's group will receive competitive advantage and be able to expand its hotel network under the Dusit Thani brand in Bangkok.

c) The Company can retain the employees of Dusit Thani Bangkok

On 5 January 2018, the Company closed the Dusit Thani Bangkok Hotel to start construction of its new mixed-use real estate project; however, the Company did not terminate its employees' contract. Hence, investment in the ASAI Chinatown Project would enable the Company to deploy staffs from Dusit Thani Bangkok into the new project and utilize the benefit from human resources with maximum efficiency.

d) Diversify the risks of the Company's revenue source.

The Company operates hotel business and hotel management business. In addition, there are investment units in the Dusit Thani Freehold and Leasehold Investment Trust ("DREIT"), all of which are invested and managed in leading hotels in countries around the world such as the Dusit Thani Hotel Bangkok, Dusit Thani Hotel Pattaya, Dusit Thani Hotel Hua Hin, Dusit Princess Hotel Chiang Mai in Thailand, Dusit Thani Hotel Manila

in the Philippines, Dusit Thani Hotel Maldives in the Maldives, Dusit Thani Dubai in the United Arab Emirates, Dusit Thani Lake View Cairo Hotel in Egypt, Dusit Thani Dongtai Jiangsu Hotel in China, and so forth.

Investment as the project would enable the Company to increase its stream of revenue from domestic which would mitigate risk in case revenue from its hotel business in other countries decline due to economic conditions, tourism, natural disasters and other violent incidents. Furthermore, the investment would mitigate the risks that hotels, which are owned or managed by the Company, are under major renovation. For example, Dusit Thani Bangkok, which has been operated for the period of 50 years, is currently under renovation and rebuilding into a mixed-use project which is expected to be opened for business operation at the end of the year 2022.

Disadvantages and Risks of the Transaction

a) Increased obligations from debts and interest expenses

Investing in ASAI Chinatown Project, the Company would require funding for investment in draft Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement of ASAI Chinatown Project with amount of THB 954.30 million, which the Company has sources of funding from its internal cash flow and other sources as necessary and appropriate.

From the consolidated financial statements of the Company and subsidiaries ("the Corporate Group") as at 31 December 2018, the Corporate Group has interest-bearing debts in the amount of THB 2,011.59 million, with the interest-bearing debt to equity ratio at 0.33 times. Therefore, in case that the Company use all sources of funding from loans from financial institutions or debentures, the Corporate Group will have an additional borrowing amount of THB 954.30 million. As a result, after entering into the transaction, the Corporate Group will have interest-bearing debts in the amount of THB 2,965.89 million and interest-bearing debt to equity ratio of 0.49 times. In addition, if we combine the investment in Pathumwan Project in the amount of THB 740.00 million into consideration, the Company would have total interest-bearing debts in the amounts of THB 3,705.89 million and interest-bearing debt to equity ratio of 0.61 times.

However, the Independent Financial Advisor opines that, from consideration of profit before interest expenses, taxes and retrospective amortization of the corporate group, including cash and cash equivalents currently available, as well as net cash flow expected from investment in the ASAI Chinatown Project, it is expected that there will be a sufficient amount to pay interest and principal on the short-term loan, including long-term loans from financial institutions or debentures to enter this transaction.

b) Risk of Delay in the Project Construction

Construction of I'm Chinatown Project commenced in 2017 with Syntec Construction Public Company Limited as the project's main contractor. Currently, the project remains under construction and, as of 2 March 2019, the construction progress account for 51.48 percent of total project construction, which is approximately 0.69 percent advanced the plan. It is expected that construction of the department store and hotel areas should be completed within 15 February 2020. In addition, the hotel area, which the Company consider to rent, was designed and decorated according to the standard of the previous hotel management service provider. However, the Company consider to use its corporate group's ASAI brand to operate this hotel. Therefore, prior to entering into this transaction, ICT is required to terminate the hotel management agreement with the previous service provider and modify the design of the hotel according to the standards of the ASAI Brand. As the project is still under construction, there is a risk of construction delays which could render a deferral in the Company's recognition of income to later than expected period.

c) Risk from breaches of Main Lease Agreement of I'm Chinatown Project by ICT

As the I'm Chinatown Project is located on the land which ICT rents from JD who is the owner of the land according to Main Lease Agreement of I'm Chinatown Project. The Company expose to a risk that ICT might breach the Main Lease Agreement of I'm Chinatown and, as a result, the Company cannot exploit the benefits from investment in ASAI Chinatown Project as expected.

However, conditions in draft Usufruct Agreements has stated that the Company can pay the compensation of rental expense to the land owner with the amount stated in the Main Lease Agreement on behalf of ICT and ICT agrees to reimburse the Company with the amount proportionate to the compensation (on daily rate basis) of the remaining period of usufruct. However, the Company is currently negotiating with ICT regarding to obtain bank guarantee from ICT with amount not less than THB 100.00 million to guarantee payment of compensation to the Company in order to mitigate the risk that ICT breaches any conditions in the main lease agreement of I'm Chinatown Project, resulting in the Company cannot utilize the benefit of usufructs on Area in I'm Chinatown Building as stated in Usufruct Agreements. However, since the area in I'm Chinatown which is composed of department store area which ICT can sublease to others, ICT would have interests and benefits in I'm Chinatown Project. Hence, there is low risk and probability that ICT would breach the Main Lease Agreement or Financial Support Agreement of I'm Chinatown Project and ICT would lose the mentioned benefits.

d) Risk from breaches of Financial Support Agreement of I'm Chinatown Project by ICT

As ICT has taken the leasehold rights of the land under the Main Lease Agreement of I'm Chinatown Project and the I'm Chinatown project building as collateral for loan according to Financial Support Agreement of I'm Chinatown Project, the Company has risks that ICT might breach the Financial Support Agreement of I'm Chinatown and, as a result, the Company cannot exploit the benefits from investment in ASAI Chinatown Project as expected.

However, the Company is currently negotiating with ICT to add a condition precedent state that ICT must unburden all or portion of obligations with KK before or on the date of usufruct registration in order to mitigate the risk that ICT breaches any conditions in the Financial Support Agreement of I'm Chinatown Project, resulting in the Company cannot utilize the benefit of usufructs on Area in I'm Chinatown Building as stated in Usufruct Agreements. Furthermore, the Company is currently negotiating with ICT to add a condition specifying that ICT would not establish additional obligations or loans that would be bounded with the assets to be invested. However, since the area in I'm Chinatown which is composed of department store area which ICT can sublease to others, ICT would have interests and benefits in I'm Chinatown Project. Hence, there is not much risk as there is significantly low probability that ICT would breach the Main Lease Agreement or Financial Support Agreement of I'm Chinatown Project and ICT would lose the mentioned benefits.

e) Risk of the project's performance falling short of expectation

Since ASAI Chinatown Project, which the Company will invest in, is a new project which is under construction, therefore, there is a risk that the marketing plan set by the Company to increase the awareness of the Project to target group will not successful according to plan. Additionally, there could be arise of other risk factors which may impact the project's operating performance such as a global economy slowdown, intensified competition in the domestic hotel market, etc. resulting in the Project's performance not being as earlier projected and rendering risk to the Company of delayed returns on investment.

2.3 Fairness of Price and Conditions of the Transaction

2.3.1 Fairness of Price of the Transaction

The Company proposes to invest in the ASAI Chinatown Project in the amount of THB 954.30 million, in considering the appropriateness of the price of entering into this transaction, the Independent Financial Advisor used 2 methods to assess the value of asset as follows:

- 1) Fair price valuation by Independent Appraiser
- 2) Fair price valuation by Independent Financial Advisor

Details of each price appraisal method are as follows:

2.3.1.1 Fair price valuation by Independent Appraiser

In determining the fair value of the price of investment in the usufruct for the hotel area of I'm Chinatown Project, the Independent Financial Advisor assessed the appropriate price by referencing the fair value determined by the independent appraisers of Knight Frank Chartered (Thailand) Co., Ltd. ("KF"), an independent asset appraiser approved by the SEC.

KF assessed the fair value of the investment in the usufruct for the hotel area of I'm Chinatown Project using the Income Approach by making estimates for a period of 32 years, 239 days, which is equal to the period of the main land lease which ICT leased from JD, the owner of the land. The estimation period starts from 6 March 2019, which is the date of the evaluation, and ends on 31 October 2051, which is the expiration date of the Main Lease Agreement.

From the estimation period, KF has prepared a future revenue estimate for the assessed asset deducted by various expenses which is expected to occur in the implementation of the project based on the assumption from the market data from the survey of hotels with similar characteristics and locations to the asset appraised to find net cash flow each year, then calculate the discount back to the present value using a cash flow discount rate, to determine the value of the assets as at the date of valuation. Nevertheless, KF considered the financial estimates and fair value of the usufruct for the hotel area of I'm Chinatown Project. Assumptions used in the estimation can be summarized as follows:

Assumption	Details
General Assumptions	
Details of asset	The right of usufruct over the area of the 4 th – 8 th Floors of Building A of I'm Chinatown Project to develop the Company's hotel under the ASAI Chinatown brand.
Estimated period	6 March 2019 - 31 December 2051
Gross Floor Area	10,917.70 square meters
Number of rooms	224 rooms
Income Assumptions	
Occupancy Rate	- 2020 estimated occupancy rate at 70.00 percent - 2021 estimated occupancy rate at 78.00 percent - 2022 – 2049 estimated occupancy rate at 80.00 percent - 2050 estimated occupancy rate at 75.00 percent - 2051 estimated occupancy rate at 70.00 percent

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Assumption	Details
	(The assumption is based on the Occupancy Rate from the survey of hotels which similar locations to the appraised property. *)
Room rate	2,500 THB / Room (The assumption is based on the Average Daily Rate from the survey of hotels which similar locations to the appraised property. *)
Room rate increase	- 2021 : Growth rate 10% according to the increase in room rate of the hotel that open in the second year from KF database. - 2022 – 2051 : Growth rate 10% according to business cycle
Food and beverage revenue	forecasted to be 31.47% – 37.00% of room revenue
Other revenue	forecasted to be 2.38% – 2.80% of room revenue
Departmental Costs Assumptions	
Room cost	forecasted to be 11.57% – 13.60% of room revenue
Food and beverage cost	forecasted to be 51.46% of F&B revenue
Cost of other revenue	forecasted to be 60.00 of other revenue
Undistributed Operating Expenses Assumptions	
Sales and marketing expenses	forecasted to be 5.09% – 6.54% of total revenue, growth 3.00% per year
General and administrative expenses	Consist of - Property Operation Maintenance Energy Cost approximately 4.00% of total revenue - Energy approximately 5.09 – 6.54 of total revenue - Other service expense approximately 6.99 – 10.10 of total revenue
Management Fee	forecasted to be 2.00 of total revenue
Fixed Charges Assumptions	
Property insurance	forecasted to be 0.13 – 0.40 of total revenue
Land tax expenses	forecasted to be 1.34 – 1.40 of total revenue
FF&E	- 2020 forecasted to be 1.00 of total revenue - 2021 forecasted to be 2.00 of total revenue - 2022 - 2051 forecasted to be 3.00 of total revenue
Discount Rate Assumption	
Discount Rate	11.50%

Note * Details of comparable hotels are shown in the table of Comparison of information on hotels with similar locations and characteristics, which appears in Section 2.1.3.2 Industry overview of this report

Valuation of the ASAI Chinatown project by KF, the independent appraiser, using income approach as the valuation method, which the Independent Financial Advisor views that it is an appropriate valuation method for assets that can generate income under the assumption that future income may change subject to market conditions which corresponds to the hotel business, also from KF's interview and consideration regarding the assumptions used a forecasted revenue, costs and expenses of the appraised assets, The Independent Financial Advisor views that various assumptions of KF in the valuation of ASAI Chinatown project are appropriate. Therefore the IFA view that **the fair value of the project as of 6 March 2019 is at THB 1,034.96 million. In comparison to the investment value of ASAI Chinatown Project in the amount of THB 954.30 million, it is found that the fair value of the project as assessed by the independent asset appraiser is higher than the value of investment by THB 80.66 million or 8.45 percent.**

Sensitivity Analysis

The Independent Appraiser conducted a sensitivity analysis of factor expected to impact on the valuation of investment in the ASAI Chinatown Project which is Discount Rate. From determining the fair value of the ASAI Chinatown Project using the income approach in the base case which has value of THB 1,034.96 million, The Independent Appraiser conducted a sensitivity analysis on factor that impact to valuation by **set increase and decrease discount rate by 0.50 percent**

When Sensitivity Analysis is conducted, **the fair value of the ASAI Chinatown Project is in the range of THB 982.06 - 1,092.34 million. In comparison to the investment value of ASAI Chinatown Project, which is THB 954.30 million, it is found that the fair value of the project as assessed by the independent asset appraiser is higher than the value of the transaction by THB 27.76 - 138.04 million, or by 2.91 - 14.47 percent.**

2.3.1.2 Fair price valuation by Independent Financial Advisor

In considering the fair value of the price of investment in the Main Lease Agreement of I'm Chinatown Project for the hotel area of I'm Chinatown Project, which is the area on the 4th – 8th Floors of said project, as well as the purchase of furniture, fittings, materials and equipment (FF&E) in I'm Chinatown project area from ICT, with the total value of investment of 954.30 million, to operate a hotel, restaurant and other businesses of the Company's ASAI Chinatown project, whereby said area as well as other areas in I'm Chinatown project are currently under construction with the Company expecting it to be completed according the building design and standard of the ASAI brand by approximately 30 September 2019, followed by project delivery from ICT and project opening between 1 October 2019 and 14 February 2020, to start business operation on 15 February 2020 until 31 December 2051. However, the usufruct agreement, according to the Main Lease Agreement of I'm Chinatown Project, has identified operating period of 32 years, starting from 31 December 2019 and ending on 31 December 2051. Therefore, the Independent Financial Advisor considered the appropriate price of ASAI Chinatown project by solely using the Discounted Cash Flow Approach to assess the fair value price because this method considers the project's future ability to generate cash flows from the date the Company expects to start entering into the transaction and make the first payment installment to ICT until the end of the usufruct period, namely from 30 April 2019 to 31 December 2051, a total period of 32 years and 245 days, then calculate the weighted average cost of capital (WACC) under the target capital target of the Company, to determine the current value of the project as at 30 April 2019. Moreover, the Independent Financial Advisor also has considered the internal rate of return (IRR) and the payback period of ASAI Chinatown project compared to the investment cost of ASAI Chinatown in the amount of 954.30 million, also from 30 April 2019 as well.

In making the assumptions for the projection, the Independent Financial Advisor has referred to the investment plan and operation plan of ASAI Chinatown project by interviewing the Company's management and team, including related documents, the assessment by independent asset appraisers, as well as considering the current industry conditions, the economic conditions and information that are currently available while undertaking this study. Therefore, any change in such factors may affect the opinion of the Independent Financial Advisor, causing its opinion to possibly change accordingly. Assumptions used in the estimation can be summarized as follows:

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Assumption	Details
Income Assumptions	
Details of asset	The right of usufruct over the area of the 4 th – 8 th Floors of Building A of I'm Chinatown Project to develop the Company's hotel under the ASAI Chinatown brand. (Based on agreement and contract of investment in ASAI Chinatown project)
Estimated period	30 April 2019 - 31 December 2051 (Based on management interview, agreement and contract of investment in ASAI Chinatown project)
Construction period	Estimated that construction will be completed by 30 September 2019 (Based on management interview)
Time of delivery and opening of project	1 October 2019 - 14 February 2020 (Based on management interview)
Operation period	15 February 2020 - 31 December 2051 (Based on management interview)
Gross Floor Area	8,992.50 square meters (Based on hotel and common area in 4 th – 8 th Floors)
Number of rooms	224 rooms (Based on management interview and the Company's information)
Occupancy Rate	<ul style="list-style-type: none"> - 2020 estimated occupancy rate at 70.00 percent - 2021 estimated occupancy rate at 78.00 percent - 2022 – 2026, 2028 – 2034, 2036 – 2042, 2044 - 2049 estimated occupancy rate at 80.00 percent due to the year, the hotel has already operated for a period causing stable of occupancy rate. - 2027, 2035, 2043 estimated occupancy rate at 77.00 percent due to the year, the hotel has renovated building causing the occupancy rate is reduced by 3.00% in that year. - 2050 estimated occupancy rate at 75.00 percent due to the year as nearly the end of usufruct agreement including the Company hasn't planned to invest additional renovation in that period. IFA consider reducing occupancy rate by 5.00 from previous year. - 2051 estimated occupancy rate at 70.00 percent due to the year as nearly the end of usufruct agreement including the Company hasn't planned to invest additional renovation in that period. IFA consider reducing occupancy rate by 5.00 from previous year. (All above assumptions are based on the management interviews and information related to hotel with similar characteristic as the project. IFA has adjusted down based on conservative basis)
Room rate	THB 2,847 / room (Based on management interview and the Company's information)
Room rate increase	<ul style="list-style-type: none"> - 2021 and 2022 estimated increase by 4.00 percent from the previous year - 2023 onward estimated increase by 1.50 percent from the previous year (Based on management interview and the Company's information)

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Assumption	Details
Food and beverage revenue	Estimated to be equal to 31.66 percent of the revenue from accommodation (Based on management interview and the Company's information)
Other revenue	Estimated to be equal to 2.00 percent of the revenue from accommodation such as revenue from laundry service, telephone service and commissions from tour package sales and transport rental for hotel guests, etc. (Based on the management interview and company information. IFA views that the data is aligned with information from database of independent appraisers)
Assumptions on Departmental Costs	
Room cost	Estimated room cost at 6.09 – 8.35 of revenue from room revenue estimated base on - Estimated housekeeping cost for 2020 to be equal to THB 119 / room occupied, with growth rate of 3.00 percent every year (Based on price quotation of ASAI Sathorn) - Estimated cost of amenities such as shower cream, shampoo and other room supplies for 2020 to be equal to THB 60 / room occupied, with growth rate of 1.50 percent every year (Based on management interview and the Company's information which IFA view that aligned with public source)
Food and beverage cost	Estimated Food and beverage cost at 46.35 – 55.48 of F&B revenue estimated base on - Estimated food and beverage cost to be equal to 34.50 percent of the revenue from food and beverage - Estimated personnel cost for 2020 to be equal to 13.77 percent of the revenue from food and beverage, with growth rate of 3.00 percent every year (Based on management interview and the Company's information which IFA view that the data is aligned with information from database of independent appraisers)
Cost of other revenue	Estimated to be equal to 70 percent of other revenue (Based on management interview and the Company's information which IFA view that the data is aligned with information from database of independent appraisers)
Assumptions on Undistributed Operating Expenses (Based on management interview regarding hotel management plan and the Company's information)	
Sales and marketing expenses	Estimated Sales and marketing expenses at 6.45 – 7.33 of total revenue estimated base on - Sales and marketing expenses for 2019 – 2021 estimated to be equal to 2.62 percent of the revenue from accommodation and from 2022 estimated to be equal to 2021, with growth rate of 1.50 percent every year - Expenses for reservation channels estimated to be equal to 3.83 - 4.34 percent of the room revenue

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Assumption	Details
Operating expenses	Estimated Operating expenses at 17.69 – 24.15 of total revenue estimated base on <ul style="list-style-type: none"> - Expenses related to personnel for 2020 estimated to be equal to 7.60 percent of total revenue, with growth rate of 3 percent every year - Utilities expenses estimated to be equal to 5.00 percent of total revenue - Expenses related to repairs and maintenance (POMEC) estimated to be equal to 4.00 percent of total revenue - Expenses related to various programs estimated to be equal to 2.15 - 3.70 percent of total revenue
Assumptions on Fixed Charges Based on management interview regarding hotel management plan and the Company's information)	
Property insurance	Estimated to be equal to 2.00 percent of total revenue
Expenses for general repairs (FF&E)	<ul style="list-style-type: none"> - For 2020, estimated to be equal to 1.00 percent of total revenue - For 2021, estimated to be equal to 2.00 percent of total revenue - From 2022 onward, estimated to be equal to 3.00 percent of total revenue
Depreciation assumptions	
Depreciation of additional investments for project development	depreciation and amortization according to the straight-line method throughout the life of the property. (Based on accounting policy)
Depreciation of building renovation	depreciation for 8 years, equal to the renovation cycle (Based on management interview regarding renovation plan and accounting policy)
Working Capital Assumptions (Based on management interview)	
Debt collection period	30 days
Repayment period	30 days
Assumptions on Capital Expenditures	
Additional investment for project development	<p>Consists of</p> <ul style="list-style-type: none"> - Design and Supervision Fee estimated to be equal to THB 6.00 million, to be paid in 2019 - Pre-opening Costs estimated to be equal to THB 30.47 million, to be paid in 2020 - Expenditures on property used in business operation (OS&E) estimated to be equal to THB 38.00 million, to be paid in 2020 <p>(Based on management interview and the Company's information regarding start the operation and opening plan)</p>
Building renovation every 8 years	The Company will start renovation of the building every 8 years from the first year that hotel operation commences, whereby the cost of such renovation is estimated to be equal to 3 percent of total revenue of the preceding 8 years prior to the year that said renovation is undertaken. However, the Company will not conduct building renovation in the 32 nd year since it would be a period close to the expiration of the usufruct rights granted by ICT.

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Assumption	Details
	(Based on management interview and the Company's information regarding renovation plan)
Tax assumptions	
Income tax	20.00% of net income (Based on corporate income tax rate from the Revenue Department)

Although the Pathumwan and ASAI Chinatown projects have similar business operations, the hotel business. However, the Independent Financial Advisor considers and set assumptions differently in the valuation of the project since these projects have differences of location and surrounding, property size and scale, and target customers. Whereby, the different key assumptions are as follows:

- Room rate and occupancy rate assumptions between Pathumwan and ASAI Chinatown projects vary depend on location, service level, and the hotel brand positioning
- F&B income assumption of the Pathumwan project is less than the ASAI Chinatown project since the Pathumwan project's restaurant has mainly targeted hotel residents and guests while ASAI Chinatown project's restaurants provides services to not only hotel's guests but also external customers.
- Renovation cost assumption of the Pathumwan project is less than the ASAI Chinatown project because the Pathumwan project has provides some rooms for long-term accommodation which focuses on business customers, long-term tourists and Ex-pat, therefore these rooms will have better conditions than the daily rooms. While the ASAI Chinatown project, a lifestyle hotel, has fully provided daily room which focuses on the target group of travelers looking for original local travel experiences. In addition, ASAI Chinatown also focuses on providing restaurants services for residents and outsiders. For this reason, the ASAI Chinatown project will have the number of customers and turnover rate higher than the Pathumwan project. Therefore, the ASAI Chinatown project's renovation cost has set higher than the Pathumwan project in order to maintain the condition of the building, room, restaurant and lobby in conditions to attract more customers.

Discount Rate Assumptions

The IFA used the Company's Weighted Average Cost of Capital (WACC) as the rate to calculate the net present value of cash flows. The formula is as follows:

$$WACC = Ke * [E / (D + E)] + Kd * (1 - t) * [D / (D + E)]$$

Cost of equity ("Ke") can be calculated from the Capital Asset Pricing Model (CAPM) as follows:

$$Ke = Rf + \beta (Rm - Rf)$$

where

Rf = The risk-free rate is based on the 30-year Government Bond Yield as of March 15, 2019 which equal to 3.33 percent (source : www.thaibma.or.th) which is the rate of return from Government Bond Yield that has long period and has frequent issuance and trading and cover the economic cycle.

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- β = Beta co-efficiency between return on the Company's stock price and the change in the SET index ("Beta"). The IFA estimated the Company's beta based on historical beta over 3 consecutive years until March 15, 2019 which was 0.91 (source: Bloomberg) which has appropriate number of data and can better reflect the long-term investment condition and expectation of the investors than the short period of data
- R_m = The market return in which the IFA estimated to be 14.18 percent per year. This was based on the average return from investment in the SET Index over 35 years during 1984 – 2018 (source: www.set.or.th, and the calculation by the IFA) which is the period that better reflects investment conditions in many periods than the short period of data

In this regard, considering type and tenor of bond as data for risk free rate and historical period using in calculation of cost of equity such Beta, market return as mentioned, IFA has based on independent asset appraiser and/or the Company which K_e can be calculated as follows:

Calculation for the Company's Cost of Equity

Calculation factors	Assumption
Risk-free Rate (1)	3.33%
Risk Premium ($R_m - R_f$) (2)	10.85%
β (3)	0.91
Cost of Equity หรือ K_e (4) = (1) + [(3)*(2)]	13.20%

The cost of equity (K_e) obtained from the calculation shown in the above table is 13.20%. Then, K_e is applied in the calculation of WACC in which the IFA obtained the value of 8.84%. Details of the calculation are demonstrated in the following table.

- K_e = Cost of equity based on Capital Asset Pricing Model ("CAPM") which equals to 13.20% as demonstrated in the above equation
- K_d = Cost of interest-bearing debt which the IFA based on the Company's current interest rate and expected interest rate of loan in order to invest in long-term projects, which equals to 4.40 percent
- t = The Company's corporate tax rate which equals to 20.00%
- $D/(D+E)$ = The long-term target ratio of interest-bearing debt to total equity of the Company which is 45.00%, according to the Company's policy

Calculation for the Company's WACC

Calculation factors	Assumption
Cost of Equity or K_e (1)	13.20%
Cost of Debt or K_d (2)	4.40%
$D/(D+E)$ (3)	45.00%
Corporate tax rate t (4)	20.00%
WACC or Discount Rate (5) = {(1) x [1-(3)]} + {(2) x [1-(4)] x (3)}	8.84%

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Assessing the fair value of investments in ASAI Chinatown Project

Based on the above assumptions IFA estimated free cash flow of the project during the projection period as follows:

Unit : THB million	2019 (May - Dec)	2020	2021	2022	2023
EBIT x (1-tax)	(0.12)	82.18	110.06	116.46	117.80
Plus Depreciation and amortization	0.12	2.33	2.32	2.32	2.32
Minus Working capital	-	(8.61)	(2.89)	(0.66)	(0.14)
Minus Capital expenditure	(6.00)	(68.47)	-	-	-
Free cash flow	(6.00)	7.42	109.49	118.13	119.98
PV of project	1,113.42				

Unit : THB million	2024	2025	2026	2027	2028
EBIT x (1-tax)	119.55	120.48	121.83	117.15	118.65
Plus Depreciation and amortization	2.33	2.32	2.32	2.32	10.25
Minus Working capital	(0.15)	(0.13)	(0.14)	0.48	(0.77)
Minus Capital expenditure	-	-	-	(63.33)	-
Free cash flow	121.73	122.68	124.02	56.62	128.13

Unit : THB million	2029	2030	2031	2032	2033
EBIT x (1-tax)	119.58	120.95	122.32	124.16	125.07
Plus Depreciation and amortization	10.25	10.25	10.25	10.25	10.25
Minus Working capital	(0.13)	(0.14)	(0.14)	(0.15)	(0.13)
Minus Capital expenditure	-	-	-	-	-
Free cash flow	129.69	131.05	132.42	134.26	135.19

Unit : THB million	2034	2035	2036	2037	2038
EBIT x (1-tax)	126.45	120.81	128.59	129.48	130.86
Plus Depreciation and amortization	10.25	10.25	11.64	11.64	11.64
Minus Working capital	(0.14)	0.58	(0.88)	(0.13)	(0.14)
Minus Capital expenditure	-	(74.16)	-	-	-
Free cash flow	136.56	57.48	139.36	140.99	142.36

Unit : THB million	2039	2040	2041	2042	2043
EBIT x (1-tax)	132.24	134.14	134.99	136.37	129.88
Plus Depreciation and amortization	11.64	11.64	11.64	11.64	11.64
Minus Working capital	(0.14)	(0.16)	(0.13)	(0.14)	0.67
Minus Capital expenditure	-	-	-	-	(83.54)
Free cash flow	143.74	145.63	146.50	147.86	58.64

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Unit : THB million	2044	2045	2046	2047	2048
EBIT x (1-tax)	138.71	139.52	140.87	142.21	144.13
Plus Depreciation and amortization	12.82	12.81	12.81	12.81	12.81
Minus Working capital	(0.96)	(0.12)	(0.14)	(0.14)	(0.15)
Minus Capital expenditure	-	-	-	-	-
Free cash flow	150.57	152.20	153.54	154.88	156.79

Unit : THB million	2049	2050	2051
EBIT x (1-tax)	144.87	132.35	119.43
Plus Depreciation and amortization	12.82	12.82	12.82
Minus Working capital	(0.12)	1.29	1.33
Minus Capital expenditure	-	-	-
Free cash flow	157.56	146.45	133.58

From the above assumptions in assessing the value of the ASAI Chinatown Project, using the Discounted Cash Flow approach, **the fair value of the project is equal to THB 1,113.42 million as of 30 April 2019, which is expected agreements signing date with first payment.** The Project has generated an internal rate of return (IRR) at 10.52 percent with payback period of 10 years 4 months compared to investment value in the ASAI Chinatown Project at THB 954.30 million.

Sensitivity Analysis

The Independent Financial Advisor conducted a sensitivity analysis of 2 factors expected to impact on the valuation of investment in the ASAI Chinatown Project as follows:

1. Occupancy rate
2. Average Daily Rate (ADR)

In determining the fair value of the ASAI Chinatown Project using the Discounted Cash Flow approach in the base case, the value is THB 1,113.42 million, then the independent financial advisor analyzes the sensitivity of factors affecting the performance of the project by setting the occupancy rate and room price to increase and decrease by 2.50 percent, details of which are as follows:

Factors	Rate
Case 1 : Occupancy Rate	+/- 2.50%
Case 2 : Average Daily Rate	+/- 2.50%

Results of the Sensitivity Analysis of the Fair Value of the Project

Factors (Unit : THB million)		Occupancy Rate		
		-2.50%	Base case	-2.50%
Average Daily Rate	-2.50%	1,035.54	1,076.66	1,117.75
	Base case	1,071.16	1,113.42	1,155.66
	+2.50%	1,106.78	1,150.18	1,193.56

From the sensitivity analysis results above, it is evident that the fair value of the ASAI Chinatown Project according to the valuation of the Independent Financial Advisor is in the range of THB 1,035.54 – 1,193.56 million. In comparison to the value of the investment in the ASAI Chinatown Project of THB 954.30 million, it is found that the fair value of the ASAI Chinatown Project as valued by the Independent Financial Advisor is higher than the value of the transaction by THB 81.24 - 239.26 million, or by 8.51 - 25.07 percent.

Summary of the valuation results of the ASAI Chinatown Project by the Independent Financial Advisor

The appraisal of the value of the ASAI Chinatown Project using the Discounted Cash Flow approach is a project valuation that considers the ability to generate future cash flows of the project from 30 April 2019 – 31 December 2051 in total of 32 years and 245 days discounted by WACC under target capital structure of the Company as to obtain the fair value of the project as of 30 April 2019. The valuation considers management policy of hotel management in the future under period of agreement and contract investment in ASAI Chinatown project and Usufruct agreements (included period of 2 usufruct agreement) in total of 32 year along with assumptions regarding income and expenses based on interviews with company executives, the assessment by independent asset appraisers, together with considering market data which reflects current business conditions. Meanwhile the valuation by an independent asset appraiser is an asset level assessment which does not take into account of the financial structure of the project and the working capital required to operate the project. Therefore, the independent Financial Advisor views that Discounted Cash Flow Approach is the most appropriate approach to value the ASAI Chinatown Project, and the appropriate fair value is in the range of THB 1,035.54 – 1,193.56 million compared to the value of the investment in the ASAI Chinatown Project of THB 954.30 million, it was found that the fair value of the ASAI Chinatown Project as valued by the Independent Financial Advisor is higher than the value of the transaction by THB 81.24 - 239.26 million, or by 8.51 - 25.07 percent.

2.3.2 Fairness of Conditions of the Transaction

The Independent Financial Advisor has studied the information pertaining to the conditions of entering into the investment of ASAI Chinatown Project from summary of draft Usufruct Agreements, FF&E Purchase Agreement, and Services Agreement with ICT. The Independent Financial Advisor has considered the above conditions of this transaction and is of the opinion that the conditions of entering into this transaction are appropriate since the conditions related to entering into the transaction are normal in the usufruct registration and investment in assets which contractual parties can negotiate in various ways regarding agreement of the parties and those conditions do not put the Company at any disadvantage such as:

- By registering usufructs instead of leasehold rights, the Company would have more rights and benefits, and not be deprived of benefits in comparison to the registration of leasehold right when compared to leasehold rights.
- Deposit of the investment in ASAI Chinatown Project in amount of THB 190.86 million which is equivalent to 20.00 percent of the total compensation paid to ICT under escrow account condition is appropriate. Furthermore, the Company's deposit is refundable regarding the Main Lease Agreement of I'm Chinatown Project, and escrow account is implemented to prevent the forfeit of the deposit.
- The setting of conditions precedent as prerequisites for the parties to the agreement to follow in order to complete the transaction, for example; ICT has obligation to receive relevant certifications and licenses. In addition, ICT has obligation to receive consent from JD as the land owner and KK as the mortgagee of I'm Chinatown's leasehold rights.
- The Company has rights to terminate the Main Lease Agreement of I'm Chinatown Project in the events that the Company could not benefit from the ASAI Chinatown Project as expected, for example; ICT is unable to deliver possession of the asset which has been constructed and furnished to the Company by 30 September 2019, or the hotel management contract in I'm Chinatown Project with the current hotel management / manager has not been cancelled without any dispute by 30 September 2019.

Section 3	Summary of Independent Financial Advisor Opinion
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(1) Acquisition in Pathumwan Project

From the analysis of the Independent Financial Advisor regarding the reasonableness of the transaction, including the fairness of the price and conditions of the transaction, the Independent Financial Advisor's opinion on the investment in the Pathumwan Project is that **it is appropriate to enter into the transaction** because of the following:

1. It is investment in an asset with good potential in generating revenue and can generate revenue from operations immediately. In addition, the asset has good operating results in the past and possess advantages from various factors which support its future operation such as being an asset which is well maintained, still in good condition and is complete with available utilities and facilities, etc.
2. The Company will be able to expand the network of Dusit Thani corporate group in Bangkok and the location of the property is only 150 meters from the sky train's Rajdamri Station.
3. The Company can deploy its employees from the Dusit Thani Bangkok, which has been closed earlier this year, to operate this project, enabling the Company to utilize the benefit from human resources with maximum efficiency.
4. Investment in the project will increase the stream of revenue from operations in Thailand which would reduce risk if the Company's hotel business in other countries generate less income due to tourist economy, natural disasters and other violent situations.
5. The investment value of the transaction of THB 740.00 million is lower than the fair value in range of THB 743.39 – 813.06 million, valued by Discounted Cash Flow Approach. (Details of the valuation of fair price range appear in Section 1.3.1.2 of this report.)
6. The draft conditions of the transaction are normal in the sublease of general real estate projects whereby the parties can enter into a contract in various ways according to the negotiation between the contractual parties and such terms and conditions do not cause the Company to lose benefit. (Details of consideration of the appropriateness of the conditions of the transaction appear in Section 1.3.2 of this report.)

Nevertheless, entering into the transaction has disadvantages and risks which shareholders should additionally take them into consideration whether to approve the transaction, as follows:

1. The investment will increase obligations from debts and interest expenses on the Company which, in case that the Company uses all sources of fund from loans from institutions or offering of debentures, the corporate group would have additional loan burden in the amount of THB 740.00 million, resulting in an increase in the Company's interest-bearing debt to equity ratio from 0.33 times to 0.45 times, based on the consolidated financial statements of the Group as at 31 December 2018.
2. There is a risk of the operating performance of the project not being as expected due to various factors such as a slowdown of the economy, intensified competition in the domestic hotel market, a decrease in the number of tourists coming to Bangkok, etc.
3. Since the transaction is a subleasing of building area, the Company therefore has risks if BR breaches the main land and building lease agreement with the land owner which may result in the Company's inability to gain benefit from the subleasing rights as planned.

Considering the benefits to the Company of entering into the transaction, the disadvantages and risks, the appropriateness of the price and conditions of the transaction as mentioned above, the Independent Financial Advisor deems that this investment in the Pathumwan Project **is appropriate**. As such, shareholders should approve this transaction.

(2) Acquisition in ASAI Chinatown Project

From the analysis of the Independent Financial Advisor regarding the reasonableness of the transaction, including the fairness of the price and conditions of the transaction, the Independent Financial Advisor's opinion on the investment in the ASAI Chinatown Project is that **it is appropriate to enter into the transaction** because of the following:

1. It is investment in an asset with good potential in generating revenue, with the asset possessing advantages from various factors which support its future operation such as being a new hotel with modern design and fittings and complete with available utilities, amenities and facilities, especially for transport which is made more convenient by the project's proximity to the Blue-line Subway System (extension), etc.
2. The Company will be able to expand the network of Dusit Thani corporate group in Bangkok. The Company will be able to expand the network of Dusit Thani corporate group in Bangkok, in the famous location of the old city precinct of Bangkok surrounded by famous popular restaurants and close to the Wat Mangkon Kamalawat subway station.
3. The Company can deploy its employees from the Dusit Thani Bangkok, which has been closed earlier this year, to operate this project, enabling the Company to utilize the benefit from human resources with maximum efficiency.
4. Investment in the project will increase the stream of revenue from operations in Thailand which would reduce risk if the Company's hotel business in other countries generate less income due to tourist economy, natural disasters and other violent situations.
5. The investment value of the transaction of THB 954.30 million is lower than the fair value in range of THB 1,035.54 – 1,193.56 million, valued by Discounted Cash Flow Approach. (Details of the valuation of fair price range appear in Section 2.3.1.2 of this report.)
6. The draft conditions of the transaction are normal in the usufruct registration and investment in assets whereby the parties can enter into a contract in various ways according to the negotiation between the contractual parties and such terms and conditions do not cause the Company to lose benefit. Furthermore, the benefit that the Company would receive upon registration of usufruct is not inferior than the registration of leasehold right. (Details of consideration of the appropriateness of the conditions of the transaction appear in Section 2.3.2 of this report.)

Nevertheless, entering into the transaction has disadvantages and risks which shareholders should additionally take them into consideration whether to approve the transaction, as follows:

1. The investment will increase obligations from debts and interest expenses on the Company which, in case that the Company uses all sources of fund from loans from institutions or offering of debentures, in order to pay compensation for the usufruct, furniture, fixture, and equipment, and services associated with ASAI Chinatown Project amounting to THB 954.30 million, the corporate group would have additional loan burden in the amount of THB 954.30 million, resulting in an increase in the Company's interest-bearing debt to equity ratio from 0.33 times to 0.49 times, based on the consolidated financial statements of the Group as at 31 December 2018.
2. There is a risk of delays in the project construction. At present, the project is under construction with construction progress at 51.48 percent. Moreover, the Company wishes to operate the project under its corporate brand ASAI. Therefore, prior to entering into this transaction, ICT is required to cancel its existing contract with the current hotel management, as well as modifying the design to meet ASAI brand standards. Therefore, there is a risk of construction delays which could render a deferral in the Company's recognition of income to later than expected.
3. As the I'm Chinatown Project is located on the land which ICT rents from JD who is the owner of the land according to Main Lease Agreement of I'm Chinatown Project, the Company has risks that ICT might

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breach the Main Lease Agreement of I'm Chinatown and, as a result, the Company cannot exploit the benefits from investment in ASAI Chinatown Project as expected.

4. As ICT has taken the leasehold rights of the land under the Main Lease Agreement of I'm Chinatown Project and the I'm Chinatown project building as collateral for loan according to Financial Support Agreement of I'm Chinatown Project, the Company has risks that ICT might breach the Financial Support Agreement of I'm Chinatown and, as a result, the Company cannot exploit the benefits from investment in ASAI Chinatown Project as expected.
5. Since the transaction is a subleasing of building area, the Company therefore has risks if BR breaches the main land and building lease agreement with the land owner which may result in the Company's inability to gain benefit from the subleasing rights as planned.

Considering the benefits to the Company of entering into the transaction, the disadvantages and risks, the appropriateness of the price and conditions of the transaction as mentioned above, the Independent Financial Advisor deems that this investment in the ASAI Chinatown Project **is appropriate**. As such, shareholders should approve this transaction.

The decision to vote is solely dependable on the consideration and discretion of the shareholder. The shareholder should take into consideration the advantages, disadvantages, risks, limitations, and opinions expressed on consideration items of the transaction as well as carefully consider the attached documents submitted to the shareholder along with the invitation letter to shareholder' meeting so as to make the most appropriate decision.

Jay Capital Advisory Limited, as the Independent Financial Advisory of the Company, has performed the study and analysis with care in accordance with the professional standard and has provided the opinion based on the fair analysis of information by taking into consideration the benefits of all shareholders.

The opinion of the IFA is based on the information which has been received from WACOAL as well as interviews with the management, publicly available information and other relevant documents. The IFA assumes that all information received is truthful and correct. Therefore, if the information is incorrect and/or is not truthful and/or has been significantly changed in the future, it will affect the opinion of the IFA. Therefore, the IFA is unable to certify or warrant the future impact that may arise to the Company and the shareholders. In addition, the opinion of the IFA is only to provide comments to the shareholders and providing this opinion does not warrant the accomplishment of the transaction and any impact flowing from the transaction to the Company.

This English report of the IFA's opinion has been prepared solely for the convenience of foreign shareholders of the WACOAL and should not be relied upon as the definitive and official document. The Thai language version of the IFA's opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

Yours Sincerely,

-Ms. Jirayong Anuman-Rajadhon-

(Ms. Jirayong Anuman-Rajadhon)

Managing Director

Jay Capital Advisory Limited, the Independent Financial Advisor

Enclosure 1 General Information of Dusit Thani Public Company Limited

1. General Information

Dusit Thani Public Company Limited (“the Company” of “DTC”) is one of Thailand’s leading hotel business operators whose hallmark is its unique Thai-style services at international standards. DTC has more than 69 years of experience in the hotel industry, starting in 1949 with Thanpuying Chanut Piyaoui as its founder. The first of the Company’s hotels was the Princess Hotel on Charoenkrung Road, Bangkok followed by its five-star hotel, the “Dusit Thani” in Bangkok which opened for business in 1970. The Company subsequently opened additional hotels as well as providing hotel management services under the trademarks “Dusit Thani”, “Dusit D2”, “Dusit Princess”, “Dusit Devarana” and “Dusit Residence”. As at end of 2018, DTC manages a total of 28 hotels in 10 countries, nine of which are hotels the Company invested in and 19 are under the Company’s management, with combined hotel rooms of more than 7,000 (including 3 hotels under Dusit Thani Freehold and Leasehold Investment Trust or “DREIT”). And in 2018, the Company has invested in all the shares of LVM Holdings Pte Ltd. (“LVM Holdings”), a Singapore registered company who is the major shareholder of Elite Havens Group which operates as a fully integrated marketing operator, booking and managing luxury accommodation and villas. Moreover, the Company has 70 additional hotels which will be open for business in the next 3 years.

In addition to hotel business operation, the founder also placed importance to education for the purpose of developing quality human resources to support the expansion of hotels in the corporate group and the hotel industry at large in accordance with the growth of the tourism industry. At present, the Company has more than 24 years’ experience in the education field, from the establishment of Dusit Thani School of Hospitality in 1993, which later became the Dusit Thani College in 1996, which currently offers bachelor’s and master’s degree programs, as well as having a joint venture in Le Gordon Bleu Dusit Bangkok and a research and development facility under the Dusit Thani Excellence Center (DTEC)

In addition to its hotel and education businesses, in 2018 the Company invested in NR Instant Produce Co., Ltd. (“NRIP”) which engages in production and export of ready-made meals, by establishing a new subsidiary company, namely Dusit Foods Co., Ltd., to purchase 25.9 percent of the total ordinary shares of NRIP, a total investment value of THB 663,019,000. For the purpose of diversifying its business risk, on 5 January 2019, the Dusit Thani Bangkok Hotel closed for business in order to carry out a mixed-use real estate project with Central Pattana Public Company Limited which will consist of a hotel, a residential building, office building, retail trade space with emphasis on giving green space to the project.

The Company registered on the Stock Exchange of Thailand in 1975, and in 1993 transformed into a public limited company under the name Dusit Thani Public Company Limited, using DTC as initials of the issuing company. At present, Thanpuying Chanut Piyaoui and related persons are the largest group of shareholders, with combined shareholding of a total of 422,821,310 shares, equivalent to 49.94 percent, which on 16 May 2016, there was a change in the par value per share from the original THB 10 per share to THB 1, resulting in an increase in the number of paid-up ordinary shares from 85 million shares previously to 850 million shares. At the end of 2016, the Company modified its vision, mission and corporate values to be aligned with the new business direction of the corporate group. Following are details of the nature of business of the Company and companies in the corporate group:

Nature of Business of the Corporate Group

Company	Nature of Business
Hotel and Hotel Management Business	
Dusit Thani Public Company Limited	<ul style="list-style-type: none"> - Owner of hotel trademarks, namely “Dusit Thani”, “Dusit Varana”, “Dusit D2”, “Dusit Princess” and “Dusit Princess” - Owner of trademarks for spas, namely “Devarana Spa”, “Namm Spa”, “DVN Spa”, “DVN urban” and “DVN” - Owner and management of hotels, namely Dusit Thani Bangkok, Dusit Thani Pattaya, and Asai Sathorn* - Hotel management service under 5 subsidiary companies: 3 under Dusit Management Company namely Dusit Thani Laguna Phuket, Dusit D2 Chiang Mai, and Dusit Thani Huahin; 2 under Dusit Thai Properties Plc. namely Dusit Princess Srinakarin and Dusit Princess Chiang Mai - At present, the Company is contracted to manage hotels in Thailand namely Dusit D2 Khaoyai, Dusit D2 Ao Nang Krabi and Dusit Laguna Villa Resort Phuket*; licensed to use the trademark name and trade name are Dusit Thani Krabi Beach Resort, Dusit Princess Moonrise Beach Resort Phu Quoc Vietnam <p>Note * future operation</p>
Dusit Thani Philippines, Inc. (formerly Philippine Hoteliers, Inc.)	<ul style="list-style-type: none"> - Owner of a hotel in the Philippines, namely Dusit Thani Manila, managed by Dusit Worldwide. - Management of Dusit Princess Lipa City*, ASAI Cebu City*, ASAI Mactan Cebu* and ASAI Oslob Cebu* <p>Note * future operation</p>
Dusit Thai Properties Plc.	<ul style="list-style-type: none"> - On 1 April 2009, a merger took place between Royal Princess Plc. and Dusit Hotels and Resorts Co., Ltd. to become Dusit Thai Properties Public Company Limited - Owner of the trademark “Royal Princess” - Owner of the land and building of the Dusit Thani Huahin Hotel - Owner of the Dusit Princess Chiang Mai Hotel, Dusit Princess Srinakarin Hotel - Licensor of the trademark name and trade name of 2 hotels namely the Pathumwan Princess Hotel and the Royal Princess Larnluang
Dusit Overseas Co., Ltd.	<ul style="list-style-type: none"> - Management of hotels that are open in foreign countries namely the Dusit Thani Abudabi, Dusit Thani Dubai, Dusit Thani Lake View Cairo and the Dusit D2 Nairobi, Dusit D2 Thimphu Bhutan Hotel and ASAI Yangon* - Licensor of the trademark name and trade name of Dusit D2 Kenz Hotel Dubai <p>Note * future operation</p>
Dusit Management Company	<ul style="list-style-type: none"> - Is a special purpose juristic person established to operate the hotel business of the Dusit Thani Laguna Phuket, Dusit D2 Chiang Mai and Dusit Thani Huahin to support the

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Company	Nature of Business
	management of trust assets for real estate investment and leasehold rights of Dusit Thani
DMS Property Investment Private Limited	- Owner of the Dusit Thani Maldives Hotel under the management of Dusit Worldwide.
Dusit USA Management Inc.	- Is a juristic person established in the state of Delaware, the US to manage hotels in the US - Management of the Dusit Thani Guam Resort
Dusit Fudu Hotel Management (Shanghai) Co., Ltd.	- Management of hotels that are open in the People's Republic of China namely Dusit D2 Fudu Binhu, Changzou, Dusit Thani Fudu Qingfeng, Changzou, Dusit Thani Dongtai Jiangsu, Dusit Devarana Hot Spring and Spa Conghua, Guangzhou, Heritage Villas Zhouzhuang Managed by Dusit, and the Dusit D2 Society Hill Hotel, Tianjin
Dusit Bird Hotels Private Limited	- A joint venture business between Dusit Thani Plc. and Bird Hospitality Services Private Limited (India) to provide hotel management services in India - Due to the differences in the strategic plans for investment in India between the Company and Bird Hospitality Services Private Limited, in 2016 both companies agreed to close the joint venture company. - The Company's Board of Directors, in its meeting No. 3/2561 held on 23 March 2018, resolved to approve the disposal of investment in the joint venture company, Dusit Bird Hotels Private Limited, totaling 1,430,000 shares, representing 50 percent of the registered and sold shares of Dusit Bird Hotels Private Limited.
Dusit Saudi LLC	A joint venture business between Dusit Overseas Company Limited and Dyar Hotels and Resorts Limited to provide hotel management services in Saudi Arabia, the Middle East and Northern Africa
Dusit Worldwide	- Is the regional operating office providing management services to enterprises in foreign countries such as the Dusit Thani Manila, Dusit Thani Maldives and hotels under the management of Dusit Overseas Co., Ltd. - Provides marketing services for both domestic and international hotels for affiliated enterprises
Dusit China Capital	Shareholder in Dusit Fudu Hotel Management (Shanghai) Co., Ltd.
Dusit Thani Properties Co. (formerly Dusit Thani International)	Invest in various companies
Dusit Colours Co., Ltd.	Provides management and technical consulting services related to the hotel, long-term serviced accommodation, real estate, restaurant, spa and other related businesses in the form of franchise rental and / or partial ownership in Japan
ASAI Holding Co., Ltd.	Provides hotel services, hotel management services and investment in other companies

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Company	Nature of Business
LVM Holding Pte Ltd.	Investment in other companies
Education Business	
Dusit Thani College	A hospitality and hotel management college
Dusit Thani Center of Excellence	A center for the extension of the curricula and knowledge base of Dusit Thani College, combined with practical experience in the hotel and culinary businesses of the Dusit Thani corporate group to maximize benefits on a broad-base basis through short training programs.
Le Cordon Bleu Dusit	- A French culinary arts school
Dusit Hospitality Management College (DHMC) under the management of Dusit Hospitality Education Philippines, Inc.	Operates an education business in the Philippines
Dusit Excellence Co., Ltd. (formerly Dusit Thani Hotel Education Co., Ltd.)	Provides property rental services to Dusit Thai College
Real Estate Development Business	
Vimarn Suriya Co., Ltd.	A real estate developer of hotels, residential buildings and building structures, shopping centers
Suanlum Property Co., Ltd.	A real estate developer of shopping center projects
Phraram 4 Development Co., Ltd.	A real estate developer of office building projects
Saladaeng Property Management Co., Ltd.	Operates an office building rental business
Food Business	
Dusit Foods Co., Ltd.	Holding company investing in food business
Dusit Gourmet Co., Ltd.	Marketing food products under the Dusit Thani brand
Epicure Catering Co., Ltd.	Provides catering service to canteens in various famous schools in Thailand and in the Southeast Asian region.
NR Instant Produce Co., Ltd.	Producer and exporter of ready meals, seasoning, sauces, beverages and fruit juice
Other related businesses	
Dusit Thani Public Company Limited	Owner and operator of office rental space in the Dusit Thani Commercial Building
Devarana Spa Co., Ltd.	Operator of spa service business
Dusit Thani Freehold and Leasehold Real Estate Investment Trust (DREIT) (formerly the Dusit Thani Freehold and Leasehold Property Fund (DTCPF))	<ul style="list-style-type: none"> - The Dusit Thani Freehold and Leasehold Property Fund (DTCPF) transferred its assets, namely ownership of the Dusit Thani Laguna Phuket Project, Dusit D2 Chiang Mai Project, leasehold of the Dusit Thani Huahin Project to the Dusit Thani Freehold and Leasehold Real Estate Investment Trust (DREIT) which the Company holds 30.02 percent shares. - Owner of 2 hotels namely the Dusit Thani Laguna Phuket Hotel and Dusit D2 Chiang Mai Hotel - Owner of the leasehold rights of Dusit Thani Huahin Hotel
Dusit Thani Properties REIT	Manager of the Dusit Thani Freehold and Leasehold Real Estate Investment Trust

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Company	Nature of Business
Dusit Hospitality Services Co., Ltd.	Provider of support to various service projects such as off-site catering restaurant cleaning service and hotel opening planning service

The Group's revenue structure 2016 – 2018

Unit: THB Million	2016		2017		2018	
	Revenue	Percent	Revenue	Percent	Revenue	Percent
Hotel business	4,814	89	4,590	82	4,626	83
Education business	474	9	442	8	425	8
Others	136	2	538	10	514	9
Total revenue	5,425	100	5,570	100	5,565	100

Source: Form 56-1 of the Company

2. List of the Shareholders

List of the major Shareholders of the Company as at December 28, 2018 are as follows;

List of the Shareholders of the Company at December 28, 2018

No.	Name	Shareholding Percentage	
		Share Amount	%
1	Group of Thanpuying Chanut Piyaoui and related persons ¹	424,475,680	49.94
2	Central Pattana Public Company Limited ²	191,938,320	22.58
3	Mr. Chattri Sophonpanich	42,389,600	4.99
4	Mr. Vichit Chinwongvorakul	33,240,000	3.91
5	Thai Life Insurance Public Company Limited	21,882,430	2.57
6	Thai NVDR Company Limited	20,487,730	2.41
7	Mrs. Jarunee Chinwongworakul	20,441,000	2.40
8	Mr. Sahanan Chentrakun	8,510,000	1.00
9	Dusit Thani Properties Company Limited	4,715,000	0.55
10	Office of The Privy Purse	4,383,200	0.52
Top 10 major shareholders shares		772,462,960	90.87
Other shareholders		77,537,040	9.13
Total shares		850,000,000	100.00

Source : Form 56-1 of the Company

Note ¹ Group of Thanpuying Chanut Piyaoui and related persons consist of Chanut and Children Company Limited, group of Mr. Chanin Donavanik, group of Mrs. Sinee Thienprasiddhi, and group of Mrs. Sunong Salirathavibhaga.

² As of 28 December 2018, number of shares deposited through Thailand Securities Depository Company Limited for depositor are included. On 5 February 2019, DTC shares held by Central Pattana Public Company Limited was acquired by Ananda Development Public Company Limited amounting to 42,500,000 shares or equivalent to 5% of total paid-up share capital.

Whereas, the information about ultimate shareholder of Chanut & Children Company Limited, Thai Life Insurance Public Company Limited, and Dusit Thani Properties Company Limited who are one of the top 10 major shareholders of the Company and do not list in SET are as follows;

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(1) List of the Shareholders of the Chanut & Children Company Limited at April 18, 2018

	Name	Share Amount	%
1	Mr. Chanin Donavanik	2,000,265	26.60
2	Mrs. Sinee Thienprasiddhi	1,998,265	26.57
3	Thanphuying Chanut Piyaoui	1,879,500	24.99
4	Mrs. Sunong Salirathavibhaga	1,625,670	21.62
5	Mr. Natthasit Thienprasiddhi	1,700	0.02
Top 5 major shareholders shares		7,505,400	99.80
Other shareholders		14,600	0.20
Total shares		7,520,000	100.00

Source : www.bol.co.th

(2) List of the Shareholders of the Thai Life Insurance Public Company Limited at April 26, 2018

	Name	Share Amount	%
1	V.C. Property Company	69,821,216	65.87
2	Meji Yatsuda Life Insurance Company	15,900,000	15.00
3	Her Sing (H.K.) Limited	10,086,496	9.52
4	Mr. Chai Chaiyawan	1,433,217	1.35
5	Mrs. Chatchada Malakul Na Ayudhaya	1,427,606	1.35
Top 5 major shareholders shares		98,668,535	93.08
Other shareholders		7,331,465	6.92
Total shares		106,000,000	100.00

Source : www.bol.co.th

(2.1) List of the Shareholders of the V.C. Property Company Limited at April 30, 2018

	Name	Share Amount	%
1	Mr. Chai Chaiyawan	7,590,000	23.00
2	Mr. Vanich Chaiyawan	6,600,000	20.00
3	Mr. Winyu Chaiyawan	6,600,000	20.00
4	Mrs. Chatchada Malakul Na Ayudhaya	3,300,000	10.00
5	Mrs. Varang Chaiyawan	3,300,000	10.00
Top 5 major shareholders shares		27,390,000	83.00
Other shareholders		5,610,000	17.00
Total shares		33,000,000	100.00

Source : www.bol.co.th

(3) List of the Shareholders of the Dusit Thani Properties Company Limited at April 20, 2018

	Name	Share Amount	%
1	Dusit Thani Public Company Limited	79,999,960	100.00
2	Mr. Chanin Donavanik	20	0.00
3	Mrs. Vipada Donavanik	10	0.00
4	Mrs. Sinee Thienprasiddhi	10	0.00
Total shares		80,000,000	100.00

Source : www.bol.co.th

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

3. Board of Directors

List of Board of Directors of the Company as at December 31, 2018 are as follows:

List of Board of Directors of the Company as at December 31, 2018

Name	Position
Mr. Arsa Sarasin	Chairman / Independent Director
Mrs. Pranee Phasipol	Independent Director / Audit Committee Member
Prof. Hiran Radeesri	Independent Director / Chairman of Audit Committee
Mr. Teerapol Chotichanapibal	Independent Director / Audit Committee Member
Professor Dr. Kittipong Kittayarak	Independent Director
Prof. Emeritus Dr. Khunying Suchada Kiranandana	Independent Director
Mr. Pakhawat Kovithvathanaphong	Independent Director
Mr. Somprasong Boonyachai	Independent Director
Mrs. Varang Chaiyawan	Director
Mr. Chanin Donavanik	Chairman of the executive committee / Vice Chairman
Mrs. Sinee Thienprasiddhi	Director
Mrs. Suphajee Suthumpun	Group Chief executive officer / Director

Source : Form 56-1 of the Company

The directors with signing authority on behalf of the Company are 2 of the 3 authorized directors who are Mr. Chanin Donavanik, Mrs. Sinee Thienprasiddhi, and Mrs. Suphajee Suthumpun to co-sign with the Company's seal.

4. The Summary of Financial Position and Performance

The summary of financial information in accordance with the financial statement of the Group, audited by Auditor, for the year ended 31 December 2016 – 2018 are as follow:

**Summarized financial status and operating performance of the Group
for the year ended 2016 - 2018**

Dusit Thani Public Company Limited	2559	2560	2561
Balance Sheet (Unit: THB Million)			
Assets			
Current Assets			
Cash and cash equivalents	870.33	1,020.87	1,112.33
Temporary investments	357.73	447.65	457.20
Trade and other current receivables	462.59	537.87	848.72
Inventories	77.04	71.47	77.01
Short-term loans to related parties	90.78	-	-
Current portion of prepaid rental	-	144.45	79.01
Other current assets	54.48	56.15	42.68
Total Current Assets	1,912.94	2,278.45	2,616.95
Non-current Assets			
Deposit at bank under obligation	2.20	2.22	2.58
Available-for-sale investments	364.96	475.81	473.32

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Dusit Thani Public Company Limited			
Balance Sheet (Unit: THB Million)	2559	2560	2561
Other long-term investments	-	33.80	33.80
Investments in associates	1,370.32	1,275.97	1,980.20
Investments in joint ventures	54.03	44.32	63.08
Long-term loans to related parties	75.42	102.18	194.75
Investment properties	232.88	177.27	173.11
Property, plant and equipment	4,689.59	4,322.44	4,300.20
Prepaid rental of land and buildings	75.46	846.70	821.23
Other intangible assets	60.36	62.81	287.64
Goodwill	-	-	305.30
Deferred tax assets	150.74	133.65	86.07
Deposit for hotel management right	25.27	100.11	100.11
Withholding tax deducted	-	105.10	40.98
Other non-current assets	18.80	19.04	93.72
Total non-current assets	7,120.03	7,701.41	8,956.09
Total assets	9,032.98	9,979.87	11,573.05
Liabilities and equity			
Current liabilities			
Short-term loans from financial institutions	461.63	543.70	167.00
Short-term loans from related party	5.01	4.58	4.54
Trade and other payables	972.58	852.82	1,247.79
Current portion of payable for acquisition	-	-	66.99
Current portion of long-term loans	157.25	213.14	241.37
Current portion of finance lease	1.24	1.33	0.54
Current portion of deferred rental	25.43	25.43	25.43
Employee benefit obligations	-	-	88.48
Income tax payable	8.43	57.59	28.39
Others current liabilities	62.77	75.49	64.11
Total current liabilities	1,694.34	1,774.07	1,934.65
Non-current liabilities			
Payable for acquisition of business	-	-	60.32
Long-term loans	1,052.57	919.40	600.92
Debenture	-	-	997.22
Finance lease liabilities	1.87	0.54	-
Deferred rental revenue	584.41	558.98	533.54
Deferred tax liabilities	42.76	28.19	70.50
Employee benefit obligations	221.30	199.79	171.43
Deposit for right to lease building	-	492.38	984.76
Liabilities from investment in joint venture	62.25	77.70	87.90
Other non-current liabilities	19.38	48.10	53.67
Total non-current liabilities	1,984.54	2,325.08	3,560.27
Total liabilities	3,678.89	4,099.15	5,494.91
Equity			
Authorised share capital	850.00	850.00	850.00
Issued and paid-up share capital	850.00	850.00	850.00

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Dusit Thani Public Company Limited			
Balance Sheet (Unit: THB Million)	2559	2560	2561
Treasury shares	(15.74)	(15.74)	(15.74)
Premium on ordinary shares	1,643.00	1,643.00	1,643.00
Surplus on treasury shares	18.37	18.37	18.37
Retained earnings	1,857.68	2,053.51	2,207.58
Other components of equity	235.67	274.40	267.58
Equity attributable to owners	4,588.98	4,823.54	4,970.78
Non-controlling interests	765.11	1,057.18	1,107.35
Total equity	5,354.09	5,880.72	6,078.13
Total liabilities and equity	9,032.98	9,979.87	11,573.05

Dusit Thani Public Company Limited			
Statement of income	2016	2017	2018
Revenue from sales and services	4,974.35	4,722.93	4,632.68
Cost of sales and services	(2,915.21)	(2,801.25)	(2,745.84)
Cost of services - depreciation and amortization	(661.69)	(592.05)	(462.48)
Total cost of sales and services	(3,576.90)	(3,393.30)	(3,208.31)
Gross profit	1,397.45	1,329.63	1,424.37
Management service income	147.62	176.72	222.44
Interest income	12.70	15.95	18.72
Dividend income	15.76	15.49	16.95
Realised income from deferred rental revenue	25.43	25.43	25.43
Gain on sales of available-for-sale investments	-	-	37.50
Gain on sales of other long-term investments and investments in associates	-	-	328.53
Gain on sales of property, plant and equipment-net	0.93	323.05	-
Share of profits of associates and joint ventures	22.08	19.72	65.56
Other income	226.25	270.37	216.95
Total other income	450.78	846.74	932.09
Profit before expenses	1,848.23	2,176.37	2,356.45
Selling expenses	(404.60)	(387.98)	(363.29)
Administrative expenses	(1,186.38)	(1,281.39)	(1,450.89)
Depreciation and amortization	(43.06)	(36.93)	(36.77)
Loss on sales of equipment-net	-	-	(4.79)
Finance costs	(72.83)	(58.80)	(64.76)
Total expenses	(1,706.87)	(1,765.10)	(1,920.51)
Profit before income tax expense	141.36	411.27	435.94
Tax income (expense)	11.55	(78.90)	(85.69)
Profit for the year	152.91	332.37	350.26

Dusit Thani Public Company Limited			
Statement of cash flows (Unit : THB million)	2016	2017	2018
Cash provided by (used in) operating activities	1,020.43	588.40	789.52
Cash provided by (used in) investing activities	(344.52)	(673.06)	(840.50)
Cash provided by (used in) financing activities	(510.39)	249.78	153.23

The opinions of the Independent Financial Advisor on the acquisition of assets
(For the purpose of translation only)

Dusit Thani Public Company Limited	2016	2017	2018
Statement of cash flows (Unit : THB million)			
Net increase (decrease) in cash and cash equivalents	165.52	165.12	102.24
Effect of exchange rate changes on cash and cash equivalents	(9.41)	(14.58)	(10.78)
Net increase (decrease) in cash and cash equivalents	156.11	150.53	91.46
Cash and cash equivalents as at 31 December 2018	870.33	1,020.87	1,112.33

Dusit Thani Public Company Limited	Unit	2016	2017	2018
Key Financial Ratio				
Profitability Ratio				
Gross Profit Margin	%	28.1	28.2	30.7
Operating Profit Margin	%	16.9	19.7	18
Net Profit Margin	%	2.1	4.8	5.2
Efficiency Ratio				
Return on Equity	%	2.5	5.7	5.9
Return on assets	%	2.3	4.9	4.6
Liquidity Ratio				
Asset Turnover	times	1.1	1.3	1.3
Financial Policy Ratio				
Interest Bearing Debt to Equity Ratio	times	0.4	0.4	0.4
Debt to Equity Ratio	times	0.8	0.9	1.1
Interest Coverage Ratio	times	14.5	8.0	7.7

Overview of the Company's Operating Results

Revenue

For the period 2016 – 2018, the Company had total revenue of THB 5,425 million, THB 5,570 million and THB 5,565 million respectively, which can be divided into 3 categories, namely revenue from hotel business, revenue from education business and other revenue, details of which are as follows:

Revenue from hotel business

For the period 2016 – 2018, the Company's total revenue from hotel business amounted to THB 4,814 million, THB 4,590 million and THB 4,626 million respectively, equivalent to 89 percent, 82 percent and 83 percent of total revenue respectively. Revenue from hotel business is derived from the following 2 parts:

- Revenue from its own hotels amounted to THB 4,599 million, THB 4,382 million and THB 4,364 million respectively, equivalent to 95 percent, 95 percent and 94 percent of total revenue from hotel business respectively. In 2017, revenue from the Company's own hotel business declined by THB 217 million or 5 percent compared to 2016 due to the decrease of occupancy, seminars and banquets in the period of mourning and royal cremation following the passing of His Majesty the Late King Bhumibol Adulyadej, as well as renovation of the Dusit Laguna Phuket Hotel and Dusit Thani Pattaya. While in 2018, revenue from its own hotel business decreased by THB 18 million or 1 percent compared to 2017 due to declining income from the sale of Dusit Princess Korat. Nevertheless, if these impacts are excluded, revenue from the Company's own hotel business has a growth rate of 2 percent due to increased occupancy rate.
- Revenue from hotel management services amount to THB 148 million, THB 224 million and THB 277 million respectively, equivalent to 3 percent, 5 percent and 6 percent of total revenue from hotel business respectively. In 2017, revenue from hotel management services increased by THB 76 million or 52 percent compared to 2016, mainly due to the improved performance of Dusit Thani Guam Resort, Dusit Thani Lake

View Cairo and Dusit Thani Abudabi, while in 2018 such revenue increased by THB 53 million or 28 percent compared to 2017, mainly due to the consolidation of Elite Heaven's performance into the consolidated financial statements of the Company, as well as the improved performance of the Dusit Thani Lake View Cairo, Dusit D2 Khaoyai and Dusit D2 Nairobi.

Revenue from education business

Revenue from the Company's education business in the period 2016-2018 amounted to THB 474 million, THB 442 million and THB 425 million respectively, or equivalent to 9 percent, 8 percent and 8 percent of the total revenue respectively. In 2017, revenue from education business decreased by THB 32 million or 7 percent compared with 2016, resulting from the strategic plan adjustment of the education business group in closing the Dusit Thani School of Hospitality in the 4th quarter to use the location as a research and development center for the curricula of Dusit Thani College. In addition, education business revenue in 2018 decreased by THB 17 million or 3.8 percent over the previous year as a result of declining revenue from Dusit Thani College and the increased share of loss from investment in Dusit Hospitality Education Philippines Inc from the increase of personnel expenses to support the school opening in 2019.

Revenue from other businesses

Revenue from other business in the period 2016 – 2018 amounted to THB 136 million, THB 538 million and THB 514 million respectively, equivalent to 3 percent, 10 percent and 9 percent of the total revenue. In 2017, revenue from other businesses increased by THB 402 million or 295 percent from 2016, mainly due to income recognition from fees for the transfer of land leasehold rights of THB 90 million and profit from the sale of Dusit Princess Hotel Korat of THB 325 million. In addition, revenue from other businesses in 2018 declined by THB 24 million or 4.5 percent from 2017, due mainly to the aforementioned special income recognition items in 2017.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

For the annual period of 2016 – 2018, the Company's EBITDA stood at THB 919 million, THB 1,099 million and THB 1,000.00 million respectively, equivalent to 16.9 percent, 19.7 percent and 18.0 percent of total revenue. The Company has EBITDA classified by 3 types of income as follows:

EBITDA from hotel business

EBITDA from hotel business in the annual period of 2016 – 2018 amounted to THB 904 million, THB 855 million and THB 894 million respectively, or 19 percent, 19 percent and 19 percent of total revenue from hotel business respectively. EBITDA from hotel business in 2017 decreased by THB 49 million or 5 percent from 2016, mainly resulting from declining revenue from hotel business and increased personnel expenses to support the expansion of the hotel management business under the agreements signed. EBITDA from hotel business in 2018 increased from 2017 by THB 39 million or 5 percent, due mainly to increased revenue and the decrease in the share of loss from investment in the hotel business.

EBITDA from education business

Total EBITDA from education business in the annual period of 2016-2018 amounted to THB 112 million, THB 50 million and THB 43 million respectively, equivalent to 24 percent, 11 percent and 10 percent of the total revenue from education business respectively. EBITDA from education business in 2017 decreased from 2016 by THB 62 million or 55 percent, resulting from increased personnel expenses and marketing expenses of Dusit Thani College to support future business expansion. While EBITDA from education business in 2018 declined from 2017 by THB 7 million or 14 percent due to the decreased revenue of Dusit Thani College and the increased share of loss from investment in Dusit Hospitality Education Philippines Inc from the increase of personnel expenses to support the school opening in 2019.

EBITDA from other businesses

In 2016, the Company had loss before interest, tax, depreciation and amortization amounting to THB 97 million, accounting for 71 percent loss. In 2017 and 2018, the Company had EBITDA in the amount of THB 194 million and THB 62 million respectively, equivalent to 36 percent and 12 percent of total revenue from other businesses respectively. EBITDA from other businesses in 2017 increased from 2016 by THB 291 million or 301 percent, mainly due to income recognition from fees for the transfer of land leasehold rights of THB 90 million and profit from the sale of Dusit Princess Hotel Korat of THB 325 million. In addition, revenue from other businesses in 2018 declined by THB 24 million or 4.5 percent from 2017, due mainly to the aforementioned special income recognition items in 2017.

Net Profit

In 2016 – 2018, the Company has net profits amounted to THB 152.91 million, THB 332.37 million, THB 350.26 million, respectively, which are considered as 2 percent, 6 percent, and 6 percent of the total revenue. In 2017 – 2018, the Company's net profits have been increased by THB 179.45 million and THB 17.89 million, which are considered as increase by 117 percent and 5 percent, respectively. The increase in the Company's net profits in 2018 is due to the gain on sales of other long-term investments and investment in associates of THB 328.53 million. The gain on sales from other long-term investments is due to the sale of investment in shares of Saladaeng Property Management Co., Ltd. amounted to THB 168.64 million while the gain on sales from investment in associates is due to the sale of investment in shares of Suanlum Property Co., Ltd. amounted to THB 159.89 million.

Financial Status

Assets

For the annual period of 2016 – 2018, the total assets of the Company amounted to THB 9,033 million, THB 9,980 million and THB 11,573 million respectively. The Company's total assets comprise current assets amounting to THB 1,913 million, THB 2,278 million and THB 2,617 million respectively, equivalent to 21 percent, 23 percent and 23 percent of the total assets each year respectively; and non-current assets amounting to THB 7,120 million, THB 7,701 million and THB 8,956 million, or equivalent to 79 percent, 77 percent and 77 percent of the total assets each year respectively. Total assets in 2017 increased significantly compared to 2016, by THB 945 million or 11 percent, due to the increase of current assets by THB 364 million mainly from the increase in cash and cash equivalents, short-term investments of subsidiaries, receivables and advance receipts for room fees; while non-current assets increased by THB 581 million from advance payment of rent for land and buildings and adjustments in the value of available-for-sale investments. Total assets in 2018 increased significantly compared to 2017, by THB 1,593 million or 16 percent due to the increase of current assets by THB 339 million, mainly because of the increase in receivables and advance payment for rooms; while non-current assets increased by THB 1,255 million from the increase of investment in NR Instant Produce Company Limited and the investment in LVM Holdings Pte Ltd., causing other intangible assets to increase from trademarks and goodwill.

Liabilities

The Company's total liabilities for the annual period of 2016 – 2018 stood at THB 3,679 million, THB 4,099 million and THB 5,495 million respectively, equivalent to 41 percent, 41 percent and 47 percent of the total assets respectively. When considering the structure of total liabilities, it was found that the current liabilities were THB 1,694 million, THB 1,774 million and THB 1,935 million respectively, accounting for 46 percent, 43 percent and 35 percent of total liabilities each year respectively. Meanwhile, non-current liabilities amounted to THB 1,985 million, THB 2,325 million and THB 3,560 million respectively or equivalent to 54 percent, 57 percent and 65 percent of total liabilities in each year respectively. Total liabilities in 2017 greatly increased compared to 2016 by THB 419 million, or an increase of 11 percent due to the increase in

current liabilities by THB 109 million from the increase in overdraft, short-term loans, accrued taxes and current portion of long-term loans due within one year; and non-current liabilities increased by THB 310 million resulting from the deposit received from the granting of leasehold rights in a mixed-use real estate project. Meanwhile, total liabilities in 2018 greatly increased compared to 2017 by THB 1,396 million or an increase of 34 percent due to the increase in current liabilities of THB 161 million from employee benefit liabilities, trade and other payables and business purchase payables due within 2019, less with decreased long-term loans from financial institutions; and the increase in non-current liabilities of THB 1,235 million resulting from offering of debentures in September 2018 and deposit received from the granting of leasehold rights in a mixed-use real estate project.

Shareholders' equity

As at 31 December 2016 – 2018 shareholders' equity of the Company amounted to THB 5,354 million, THB 5,881 million and THB 6,078 million, equivalent to 59 percent, 59 percent and 53 percent of total assets respectively. Shareholders' equity in 2017 increased over 2016 by THB 527 million or 10 percent mainly due to the increase in retained earnings from the Company's operating results in 2017 and dividends for the operating results in 2018. Shareholders' equity in 2018 increased compared to 2017 by THB 197 million, or an increase of 3 percent, mainly resulting from the increase in retained earnings from the Company's operating results in 2018 and dividend for the operating results in 2018.

Capital Structure

The debt to equity ratio of the Company at the end of 2016 – 2018 amounted to 0.37 times 0.35 times and 0.40 times respectively. The Company's shareholders' meeting No. 25/2561 approved the issuance and offering of debentures in the amount not exceeding THB 5,000 million. Therefore, it can be considered that the Company will provide financing from cash flow from additional financing activities in the future. Details of the Company's cash flow are as follows:

Net cash flow from operating activities

For the annual period of 2016 - 2018, the Company had net cash from (used in) operating activities of THB 1,020 million, THB 588 million and THB 790 million respectively, which was a net result of cash from sales and services, cash for expenses and income tax.

Net cash flow from financing activities

For the annual period of 2016 - 2018, net cash used in financing activities of the Company amounted to THB 345 million, THB 673 million and THB 841 million respectively, consisting of debentures, repayment of short-term and long-term loans, interest paid, and dividends paid.

Net cash flow from investment activities

For 2016, net cash used in the Company's investment activities amounted to THB 510 million. For 2017 – 2018, the Company received net cash from its investment activities amounting to THB 250 million and THB 153 million respectively, consisting of capital increase of associate companies, purchase of subsidiaries, long-term loans to related parties, asset acquisition, deposit received from granting leasehold rights, disposition of available-for-sale investments and other long-term investments and dividend received.

