

**LOTUS'S RETAIL GROWTH FREEHOLD AND  
LEASEHOLD PROPERTY FUND**

**STATUTORY FINANCIAL STATEMENTS**

**28 FEBRUARY 2023**



## **Independent Auditor's Report**

To the Unitholders of Lotus's Retail Growth Freehold and Leasehold Property Fund

### **My opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Lotus's Retail Growth Freehold and Leasehold Property Fund ("the Fund") and its financial performance and its cash flows for the year then ended in accordance with the accounting guideline for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand.

### **What I have audited**

The Fund's financial statements comprise:

- the statement of financial position as at 28 February 2023;
- the statement of details of investments as at 28 February 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### **Basis for opinion**

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

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: valuation of investment in freehold and leasehold properties. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.



### Key audit matter

### How my audit addressed the key audit matter

#### ***Valuation of investments properties and leasehold properties***

Refer to Note 6 to the financial statements for critical accounting estimates and judgements and Note 11 to the financial statements for investments in properties at fair value.

As at 28 February 2023, The Fund has total cost of investments in freehold and leasehold properties Baht 29,011 million, and total fair value of Baht 29,748 million which estimated fair value using the income approach by the independent professional appraisers authorised by the Securities and Exchange Commission.

I focused on this area because the valuation of investments in freehold and leasehold properties involved significant judgement by the Fund Manager and the Fund Manager's assumptions in determining the fair value of investments in freehold and leasehold properties. The valuation is based on the estimated future net cash flows adjusting by revenue growth rate, occupancy rate, estimated future income and expense and discounted rate. However, there is the estimation uncertainty of cash flows received from freehold and leasehold properties throughout the lifetime of properties and leasehold periods.

I discussed with the Fund manager and independent appraisers to understand the basis including the key assumptions used for measurement the valuation of investments in freehold and leasehold properties.

I assessed the independent appraisers' competence, capabilities and objectivity and verified their qualifications.

I assessed the valuation method applied and checked validity of data used in the estimation of the expected future cash flows received from freehold and leasehold properties as follows:

- Evaluated the appropriateness of the estimated future cash flows used in fair value appraisal report from independent appraisers by checking the data inputs with the supporting documentations as follows:
  - Compare the estimated future net cash flows from freehold and leasehold properties with the estimated revenue, expenses and net income throughout properties' lifetime and leasehold periods
  - Evaluate the revenue growth rate with lease contracts and historical growth rate
  - Evaluate the occupancy rate with the average occupancy rate from historical information
  - Benchmark the discount rate against similar industry
- Recomputed the calculation of valuation of investments in freehold and leasehold properties based on the expected future cash flows and discounted with the market rate.

As a result of all the above procedures performed, I viewed that Fund manager's judgements and assumptions used in relation to the valuation of investment in freehold and leasehold properties were properly applied within an acceptable range of reasonable estimates.



### **Other information**

The Fund manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the Fund Manager.

### **Responsibilities of the Fund Manager for the financial statements**

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting guideline for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand, and for such internal control as the Fund Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.



- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Fund Manager with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Fund Manager, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

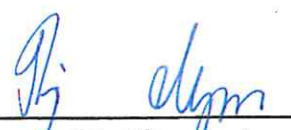
PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Tithinun Vankeo', is written over a horizontal blue line.


**Tithinun Vankeo**  
Certified Public Accountant (Thailand) No. 9432  
Bangkok  
24 April 2023

**Lotus's Retail Growth Freehold and Leasehold Property Fund**  
**Statement of Financial Position**  
**As at 28 February 2023**

	<u>Notes</u>	<u>2023</u> <u>Baht</u>	<u>2022</u> <u>Baht</u>
<b>Assets</b>			
Investments in debt securities measured at fair value through profit or loss (cost as at 28 February 2023: Baht 1,504 million) 28 February 2022: Baht 909 million)	9,10	1,505,509,520	909,658,197
Investments in properties at fair value (cost as at 28 February 2023: Baht 29,011 million) 28 February 2022: Baht 28,880 million)	9,11	29,747,690,261	31,065,898,467
Cash and cash equivalents	12	460,022,114	954,315,807
Rental receivables, net	13	209,279,279	148,232,240
Deferred expenses	14	26,856,490	28,114,946
Right of use asset	15	171,453,171	180,846,808
Other assets		1,596,661	7,225,051
<b>Total assets</b>		<u>32,122,407,496</u>	<u>33,294,291,516</u>
<b>Liabilities</b>			
Other accounts payable		81,230,552	73,599,595
Rental income received in advance		74,715,756	61,503,606
Deposits received from customers		362,450,043	363,599,684
Accrued expenses		145,342,102	130,997,030
Withholding tax payable		1,408,202	1,345,559
Borrowing	16	2,450,000,000	2,450,000,000
Lease Liabilities - Right of use asset	17	176,406,867	192,411,187
Lease Liabilities	18	556,680,117	587,002,722
<b>Total liabilities</b>		<u>3,848,233,639</u>	<u>3,860,459,383</u>
<b>Net assets</b>		<u>28,274,173,857</u>	<u>29,433,832,133</u>
<b>Net assets:</b>			
Capital received from unitholders		25,493,674,665	25,493,674,665
Retained earnings	19	2,780,499,192	3,940,157,468
<b>Net assets</b>		<u>28,274,173,857</u>	<u>29,433,832,133</u>
Net assets value per unit (Baht)		12.0970	12.5931
Number of units outstanding at the end of the year (units)		2,337,282,928	2,337,282,928

  
 (Piraj Migasena)  
 Executive Vice President

Date \_\_\_\_\_

  
 (Sunee Naewphanich)  
 Senior Vice President

Date \_\_\_\_\_

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments  
As at 28 February 2023

Type of investments	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Investments in properties at fair value</b>						
<b>Ownership on lands and buildings</b>						
1. Srinakarin Project						
<u>Location</u> No.9 Moo 6, Bangmuangmai Sub-district Muang District, Samutprakarn						
- Ownership on land of 48-1-74 rai	817,369			817,369		
- Ownership of shopping mall buildings, component buildings and utility system	2,180,223			2,180,223		
- Ownership of furniture and fixtures, and equipment used in operation	14,742			14,742		
- Related cost on acquisition	3,347			3,347		
- Renovation and lease contract acquisition cost	186,392			158,166		
	3,202,073	3,612,312	12	3,173,847	3,608,753	11
2. Krabi Project						
<u>Location</u> No.191 Moo 12, Krabi Noi Sub-district Muang District, Krabi						
- Ownership on land of 30-1-52 rai	185,030			185,030		
- Ownership of shopping mall buildings, component buildings and utility system	1,324,960			1,324,960		
- Ownership of furniture and fixtures, and equipment used in operation	7,491			7,491		
- Related cost on acquisition	2,307			2,307		
- Renovation and lease contract acquisition cost	47,683			44,405		
	1,567,471	2,010,920	6	1,564,193	2,073,945	6

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

Type of investments (Cont'd)	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Ownership on lands and buildings (Cont'd)</b>						
3. Prachachuen Project						
<u>Location</u> No.829, Pracharat 2 Road						
Bangsue District, Bangkok						
- Ownership on land of 14-3-93 rai	513,680			513,680		
- Ownership of shopping mall buildings, component buildings and utility system	991,934			991,934		
- Ownership of furniture and fixtures, and equipment used in operation	4,995			4,995		
- Related cost on acquisition	2,643			2,643		
- Renovation and lease contract acquisition cost	40,726			35,377		
	1,553,978	1,700,860	5	1,548,629	1,691,730	5
4. Rangsit Klong 7 Project						
<u>Location</u> No. 41/2, Lumpakkood Sub-district						
Thanyaburi District, Pathumthani						
- Ownership on land of 144-1-71 rai	394,554			394,554		
- Ownership of shopping mall buildings, component buildings and utility system	657,856			657,856		
- Ownership of furniture and fixtures, and equipment used in operation	4,429			4,429		
- Related cost on acquisition	1,769			1,769		
- Renovation and lease contract acquisition cost	23,338			20,267		
	1,081,946	1,397,944	4	1,078,875	1,449,969	5

The notes to the financial statements are an integral part of these financial statements.



Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Type of investments (Cont'd)</b>						
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Ownership on lands and buildings (Cont'd)</b>						
5. Tung Song Project						
<u>Location</u> No.144 Moo 2, Nonghong Sub-district						
Tung Song District, Nakorn Srithammarat						
- Ownership on land of 30-2-86 rai	177,201			177,201		
- Ownership of shopping mall buildings, component buildings and utility system	708,582			708,582		
- Ownership of furniture and fixtures, and equipment used in operation	4,565			4,565		
- Related cost on acquisition	1,250			1,250		
- Renovation and lease contract acquisition cost	18,895			17,732		
	910,493	736,355	2	909,330	838,128	3
6. Singburi Project						
<u>Location</u> No.189 Moo 7, Bangnga Sub-district						
Thawung District, Lopburi						
- Ownership on land of 24-2-9 rai	123,964			123,964		
- Ownership of shopping mall buildings, component buildings and utility system	605,034			605,034		
- Ownership of furniture and fixtures, and equipment used in operation	5,168			5,168		
- Related cost on acquisition	1,416			1,416		
- Renovation and lease contract acquisition cost	15,541			13,432		
	751,123	627,108	2	749,014	737,695	2

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Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Type of investments (Cont'd)</b>						
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Ownership on lands and buildings (Cont'd)</b>						
7. Pranburi Project						
Location No.706 Moo 7, Kao-noi Sub-district						
Pranburi District, Prajuabkirikun						
- Ownership on land of 22-3-59 rai	96,401			96,401		
- Ownership of shopping mall buildings, component buildings and utility system	619,247			619,247		
- Ownership of furniture and fixtures, and equipment used in operation	4,057			4,057		
- Related cost on acquisition	1,051			1,051		
- Renovation and lease contract acquisition cost	10,820			9,666		
	731,576	868,995	3	730,422	875,787	3
8. Mahachai Project						
Location No.119 Moo7, Tasai Sub-district						
Muang District, Samutsakorn						
- Ownership on land of 20-3-71 rai	159,585			159,585		
- Ownership of shopping mall buildings, component buildings and utility system	433,740			433,740		
- Ownership of furniture and fixtures, and equipment used in operation	6,276			6,276		
- Related cost on acquisition	1,712			1,712		
- Renovation and lease contract acquisition cost	30,213			28,625		
	631,526	435,606	1	629,938	584,465	2

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

Type of investments (Cont'd)	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Ownership on lands and buildings (Cont'd)</b>						
9. Maesai Project						
Location No.156 Moo 6, Weangpang Kham Sub-district Maesai District, Chiangrai						
- Ownership on land of 32-3-0 rai	184,653			184,653		
- Ownership of shopping mall buildings, component buildings and utility system	391,330			391,330		
- Ownership of furniture and fixtures, and equipment used in operation	3,937			3,937		
- Related cost on acquisition	1,448			1,448		
- Renovation and lease contract acquisition cost	30,609			28,330		
	611,977	817,989	3	609,698	902,156	3
10. Ranong Project						
Location No.25/15 Moo 1, Petchkasem Road Bangruen Sub-district, Muang District, Ranong						
- Ownership on land of 26-0-51 rai	99,992			99,992		
- Ownership of shopping mall buildings, component buildings and utility system	454,400			454,400		
- Ownership of furniture and fixtures, and equipment used in operation	5,045			5,045		
- Related cost on acquisition	973			973		
- Renovation and lease contract acquisition cost	19,380			16,835		
	579,790	669,554	2	577,245	654,746	2

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023		2022				
	Cost Baht'000	Fair value Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Type of investments (Cont'd)</b>							
<b>Investments in properties at fair value (Cont'd)</b>							
<b>Ownership on lands and buildings (Cont'd)</b>							
11. Phuket Project							
<u>Location</u> No.104 Moo 5, Chalerm Phrakiat Ratchakarn Thi 9 Road							
Ratsada Sub-district, Muang Phuket District, Phuket							
- Ownership on land of 44-2-0 rai	314,379				314,379		
- Ownership of shopping mall buildings, component buildings and utility system	2,550,910				2,550,910		
- Ownership of furniture and fixtures, and equipment used in operation	9,642				9,642		
- Related cost on acquisition	4,322				4,322		
- Renovation and lease contract acquisition cost	152,805				144,607		
	3,032,058	3,088,086		10	3,023,860	3,218,848	10
12. Salaya Project							
<u>Location</u> No.99/14 Moo 1, Bangtoey Sub-district							
Sam Phran District, Nakhonpathom							
- Ownership on land of 38-3-99 rai	345,883				345,883		
- Ownership of shopping mall buildings, component buildings and utility system	1,402,608				1,402,608		
- Ownership of furniture and fixtures, and equipment used in operation	8,580				8,580		
- Related cost on acquisition	22,734				22,734		
- Renovation and lease contract acquisition cost	73,423				57,685		
	1,853,228	2,023,875		6	1,837,490	2,002,816	6

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

Type of investments (Cont'd) Investments in properties at fair value (Cont'd) Ownership on lands and buildings (Cont'd)	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
13. Nakornrithammarat Project <u>Location</u> No.15, Pattanakarn-Khukhwang Road Naimueang Sub-district, Mueng District, Nakornrithammarat						
- Ownership on land of 26-0-34 rai	195,037			195,037		
- Ownership of shopping mall buildings, component buildings and utility system	971,550			971,550		
- Ownership of furniture and fixtures, and equipment used in operation	9,964			9,964		
- Related cost on acquisition	2,900			2,900		
- Renovation and lease contract acquisition cost	88,130			88,280		
	1,267,581	1,413,698	5	1,263,731	1,407,063	4
14. Navanakorn Project <u>Location</u> Navanakorn Industrial Promotion Zone at 98/103 Moo13, Klong 1 Sub-District, Klong Luang District, Pathumthani Province, Thailand						
- Ownership on land of 31-0-5 rai	701,484			701,484		
- Ownership of shopping mall buildings, component buildings and utility system	1,522,719			1,522,719		
- Ownership of furniture and fixtures, and equipment used in operation	23,322			23,322		
- Related cost on acquisition	39,201			39,201		
- Renovation and lease contract acquisition cost	42,708			26,203		
	2,329,434	2,554,841	8	2,312,929	2,513,175	8

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Type of investments (Cont'd)</b>						
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Ownership on partial lands, ownership on buildings, and leasehold right on partial land</b>						
1. Samui Project						
Location No.17 Moo 6, Bo Phut Sub-district Koh Samui District, Surat Thani						
- Rental period from 14 March 2012 - 29 August 2035						
- Ownership on land of 22-1-52 rai	95,356			95,356		
- Leasehold right on land of 24-3-78 rai	66,991			66,991		
- Ownership of shopping mall buildings, component buildings and utility system	1,048,229			1,048,229		
- Ownership of furniture and fixtures, and equipment used in operation	6,338			6,338		
- Related cost on acquisition	5,221			5,221		
- Renovation and lease contract acquisition cost	54,763			50,387		
- Right-of-use assets	19,582			19,582		
	1,296,480	788,256	3	1,292,104	892,594	3
2. Pitsanulok Project						
Location No.909 Moo 3, Aranyik Sub-district Mueng Pitsanulok						
- Rental period from 14 March 2012 - 29 August 2035						
- Ownership on land of 30-0-71 rai	260,211			260,211		
- Leasehold right on land of 0-2-60 rai	2,025			2,025		
- Ownership of shopping mall buildings, component buildings and utility system	837,028			837,028		
- Ownership of furniture and fixtures, and equipment used in operation	8,327			8,327		
- Related cost on acquisition	2,286			2,286		
- Renovation and lease contract acquisition cost	106,690			102,972		
- Right-of-use assets	2,378			2,378		
	1,218,945	1,051,675	3	1,215,227	1,132,321	4

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

Type of investments (Cont'd)	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Leasehold right on lands and ownership on buildings</b>						
1. Amatanakorn Project						
<u>Location</u> No.700/75 Moo 5, Klongtamru Sub-district Muang District, Chonburi						
- Rental period from 14 March 2012 - 20 October 2039						
- Leasehold right on land of 45-1-36 rai	117,598			117,598		
- Ownership of shopping mall buildings, component buildings and utility system	1,401,301			1,401,301		
- Ownership of furniture and fixtures, and equipment used in operation	2,721			2,721		
- Related cost on acquisition	4,687			4,687		
- Renovation and lease contract acquisition cost	72,981			69,114		
- Right-of-use assets	5,697			5,697		
	1,604,985	1,795,112	6	1,601,118	2,025,861	6
2. Petchaboon Project						
<u>Location</u> No.929 Moo 2, Sa-Deang Sub-district Muang Petchaboon						
- Rental period from 14 March 2012 - 8 February 2038						
- Leasehold right on land of 43-2-5 rai	52,219			52,219		
- Ownership of shopping mall buildings, component buildings and utility system	645,149			645,149		
- Ownership of furniture and fixtures, and equipment used in operation	5,389			5,389		
- Related cost on acquisition	3,294			3,294		
- Renovation and lease contract acquisition cost	32,692			32,094		
- Right-of-use assets	52,659			52,659		
	791,402	797,289	3	790,804	877,493	3

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Type of investments (Cont'd)</b>						
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Leasehold right on lands and ownership on buildings (Cont'd)</b>						
3. Lumlukka Klong 6 Project						
Location No.75 Moo 5, Bungkumploy Sub-district Lumlukka District, Pathumthani						
- Rental period from 14 March 2012 - 14 May 2037						
- Leasehold right on land of 33-1-0 rai	57,443			57,443		
- Ownership of shopping mall buildings, component buildings and utility system	453,030			453,030		
- Ownership of furniture and fixtures, and equipment used in operation	5,818			5,818		
- Related cost on acquisition	3,354			3,354		
- Renovation and lease contract acquisition cost	16,783			13,994		
- Right-of-use assets	33,034			33,034		
	569,462	533,178	3	566,673	603,183	3
4. Sena Project						
Location No.49 Moo 1, Highway No.3263 Bangnomko Sub-district, Sena District Ayutthaya						
- Rental period from 14 March 2012 - 3 April 2038						
- Leasehold right on land of 24-2-96 rai	29,665			29,665		
- Ownership of shopping mall buildings, component buildings and utility system	359,073			359,073		
- Ownership of furniture and fixtures, and equipment used in operation	3,487			3,487		
- Related cost on acquisition	1,450			1,450		
- Renovation and lease contract acquisition cost	8,799			7,213		
- Right-of-use assets	6,868			6,868		
	409,342	366,153	1	407,756	390,549	1

The notes to the financial statements are an integral part of these financial statements.



Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023		2022	
	Cost Baht'000	Fair value Baht'000	Cost Baht'000	Fair value Baht'000
Type of investments (Cont'd)				
Investments in properties at fair value (Cont'd)				
Leasehold right on lands and ownership on buildings (Cont'd)				
5. Bangpoo Project				
<u>Location</u> No.2502 Moo 3, Sukhumvit Road, Bangpoo-mai Sub-district, Mueng Samutprakam District, Samutprakarn				
- Rental period from 4 December 2012 - 4 October 2038	69,270		69,270	
- Leasehold right on land of 55-0-80 rai				
- Ownership of shopping mall buildings, component buildings and utility system	569,726		569,726	
- Ownership of furniture and fixtures, and equipment used in operation	4,820		4,820	
- Related cost on acquisition	6,509		6,509	
- Renovation and lease contract acquisition cost	14,430		11,840	
- Right-of-use assets	63,294		63,294	
	728,049	761,884	725,459	779,867
6. Rangsit-Nakornnayok Project				
<u>Location</u> No.90 Moo 2, Rangsit-Nakornnayok Road, Buen Yitoe Sub-district, Thanyaburi District, Phatumthani				
- Rental period from 4 December 2012 - 6 September 2036				
- Leasehold right on land of 33-2-0 rai	120,251		120,251	
- Ownership of shopping mall buildings, component buildings and utility system	524,487		524,487	
- Ownership of furniture and fixtures, and equipment used in operation	8,091		8,091	
- Related cost on acquisition	10,059		10,059	
- Renovation and lease contract acquisition cost	30,183		19,088	
- Right-of-use assets	120,557		120,557	
	813,628	703,126	802,533	700,392
				2

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023			2022		
	Cost Baht'000	Fair value Baht'000	% of fair value	Cost Baht'000	Fair value Baht'000	% of fair value
<b>Type of investments (Cont'd)</b>						
<b>Investments in properties at fair value (Cont'd)</b>						
<b>Leasehold right on land and buildings</b>						
1. Rama I Project						
Location_ No.831 Rama I Road, Wangmai Sub-district Pathumwan District, Bangkok						
- Rental period from 15 March 2012 - 11 December 2034						
- Leasehold right on land of 12-3-11 rai and shopping mall buildings, component buildings and utility system	1,026,213			1,026,213		
- Ownership of furniture and fixtures, and equipment used in operation	68,969			68,969		
- Related cost on acquisition	10,784			10,784		
- Renovation and lease contract acquisition cost	82,315			76,950		
- Right-of-use assets	286,213			286,213		
	1,474,494	992,874	3	1,469,129	1,104,362	3
<b>Total investments in properties</b>	29,011,041	29,747,690	95	28,880,004	31,065,898	97

The notes to the financial statements are an integral part of these financial statements.

Lotus's Retail Growth Freehold and Leasehold Property Fund  
Statement of Details of Investments (Cont'd)  
As at 28 February 2023

	2023				2022			
	Cost Baht'000	Fair value Baht'000	% of fair value	Maturity	Cost Baht'000	Fair value Baht'000	% of fair value	Maturity
Type of investments (Cont'd)								
Investments in debt securities measured at fair value through profit or loss								
Government bonds								
Bank of Thailand: BOT 21/52/91D					554,468	554,823	2	31 March 2022
Bank of Thailand: BOT 22/1/91D					219,800	219,920	1	7 April 2022
Bank of Thailand: BOT 22/3/91D					134,851	134,916	-	21 April 2022
Bank of Thailand: BOT 22/49/91D	199,458	199,963	1	9 March 2023				
Bank of Thailand: BOT 22/52/91D	352,399	352,791	1	30 March 2023				
Bank of Thailand: BOT 23/1/92D	219,618	219,855	1	7 April 2023				
Bank of Thailand: BOT 23/3/91D	134,692	134,830	-	20 April 2023				
Bank of Thailand: BOT 23/5/92D	199,231	199,492	1	5 May 2023				
Bank of Thailand: BOT 23/6/91D	199,245	199,418	1	11 May 2023				
Bank of Thailand: BOT 22/6/364D	199,038	199,161	-	15 June 2023				
<b>Total investments in debt securities measured at fair value through profit or loss</b>	<b>1,503,681</b>	<b>1,505,510</b>	<b>5</b>		<b>909,119</b>	<b>909,659</b>	<b>3</b>	
<b>Total investments</b>	<b>30,514,722</b>	<b>31,253,200</b>	<b>100</b>		<b>29,789,123</b>	<b>31,975,557</b>	<b>100</b>	

The notes to the financial statements are an integral part of these financial statements.

**Lotus's Retail Growth Freehold and Leasehold Property Fund**  
**Statement of Comprehensive income**  
**For the year ended 28 February 2023**

	<b>Notes</b>	<b>2023</b> <b>Baht</b>	<b>2022</b> <b>Baht</b>
<b>Investment income</b>			
Rental and service income		2,687,097,311	2,304,701,635
Interest income		8,265,454	5,137,618
Other income		91,311,737	63,030,537
<b>Total income</b>		<b>2,786,674,502</b>	<b>2,372,869,790</b>
<b>Expenses</b>			
Management fee	21,22	15,385,416	15,323,435
Trustee fee	21	3,006,333	3,035,387
Registrar fee	21,22	4,509,500	4,553,080
Property management fee	21,22	245,548,715	236,185,777
Professional fee		1,711,218	1,713,080
Operating expenses	21	274,693,681	276,615,284
Depreciation expense of right of use asset		9,393,637	7,154,606
Other expenses	21	6,066,159	6,729,340
<b>Total expenses</b>		<b>560,314,659</b>	<b>551,309,989</b>
<b>Net investment income before financial expenses</b>		<b>2,226,359,843</b>	<b>1,821,559,801</b>
<b>Financial expenses</b>			
Interest expenses		71,274,334	62,610,911
<b>Net investment income</b>		<b>2,155,085,509</b>	<b>1,758,948,890</b>
<b>Net loss from investments</b>			
Net unrealised loss from investments valuation	10,11	(1,447,955,908)	(332,759,703)
<b>Total net loss from investments</b>		<b>(1,447,955,908)</b>	<b>(332,759,703)</b>
<b>Increase in net assets from operations</b>		<b>707,129,601</b>	<b>1,426,189,187</b>

The notes to the financial statements are an integral part of these financial statements.

**Lotus's Retail Growth Freehold and Leasehold Property Fund**  
**Statement of Changes in Net Assets**  
**For the year ended 28 February 2023**

	<b>Notes</b>	<b>2023 Baht</b>	<b>2022 Baht</b>
<b>Increase in net assets from operation during the year</b>			
Net investment income		2,155,085,509	1,758,948,890
Net unrealised loss from investments valuation	10,11	<u>(1,447,955,908)</u>	<u>(332,759,703)</u>
<b>Net increase in net assets from operations</b>		707,129,601	1,426,189,187
Dividend payment	19,20	<u>(1,866,787,877)</u>	<u>(1,584,444,103)</u>
<b>Decrease in net assets during the year</b>			
Net assets at the beginning of the year		<u>29,433,832,133</u>	<u>29,592,087,049</u>
<b>Net assets at the end of the year</b>		<u><u>28,274,173,857</u></u>	<u><u>29,433,832,133</u></u>

The notes to the financial statements are an integral part of these financial statements.

**Lotus's Retail Growth Freehold and Leasehold Property Fund**

**Statement of Cash Flows**

**For the year ended 28 February 2023**

	<b>Notes</b>	<b>2023 Baht</b>	<b>2022 Baht</b>
<b>Cash flows from operating activities</b>			
Increase in net assets from operations		707,129,601	1,426,189,187
Adjustments to reconcile net increase in net assets from from operations to net cash provided by operating activities:			
Purchase of investments in properties		(131,037,487)	(62,537,955)
Purchases of investments in securities		(4,808,354,157)	(3,725,853,927)
Disposal of investments in securities		4,220,000,000	3,760,000,000
Depreciation charge on right of use asset	15	9,393,637	7,154,606
(Increase) decrease in rental receivables		(58,357,184)	121,241,221
Decrease (Increase) in deferred expenses		1,258,456	(1,369,892)
Decrease in other assets		5,861,075	1,126,263
Increase (decrease) in other accounts payable		7,630,957	(25,541,237)
Increase (decrease) in rental income received in advance		13,212,150	(2,662,945)
(Decrease) increase in deposits received from customers		(1,149,641)	8,135,439
Increase in accrued expenses		8,434,866	29,401,044
Increase in withholding tax payable		62,643	860,355
Interest income		(8,265,454)	(5,137,618)
(Reversal of) expected credit loss		(2,689,855)	3,469,788
Interest expenses		71,274,334	62,610,911
Interest received		1,825,388	1,031,187
Net unrealised loss from investment valuation	10,11	1,447,955,908	332,759,703
<b>Net cash provided by operating activities</b>		<b>1,484,185,237</b>	<b>1,930,876,130</b>
<b>Cash flows from financing activities</b>			
Payment for lease liabilities - right of use asset		(21,579,517)	-
Payment for lease liabilities		(45,643,700)	(45,220,208)
Dividend payment	19,20	(1,866,787,877)	(1,584,444,103)
Interest paid		(44,467,836)	(42,166,083)
<b>Net cash used in financing activities</b>		<b>(1,978,478,930)</b>	<b>(1,671,830,394)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(494,293,693)</b>	<b>259,045,736</b>
Cash and cash equivalents at the beginning of the year		954,315,807	695,270,071
<b>Cash and cash equivalents at the end of the year</b>		<b>460,022,114</b>	<b>954,315,807</b>
<b>Non-cash transactions</b>			
Significant of non-cash transactions for the years ended 28 February 2023 and 2022 comprised:			
Other payables from purchases of investment properties		-	4,181,054

The notes to the financial statements are an integral part of these financial statements.

## **1 General information**

Lotus's Retail Growth Freehold and Leasehold Property Fund ("the Fund") is a closed-end retail growth freehold and leasehold property fund, and was set up for a specific purpose. The Fund was established and registered as a fund on 13 March 2012 with no project life stipulated. The Fund's objective is being to seek funds from investors, invest mostly in property or property leasehold rights and generate benefit from such property.

On 15 March 2012 the Stock Exchange of Thailand has approved the listing of the Fund's units and permitted their trading on 19 March 2012.

As at 28 February 2023, the major unitholder is Ek-Chai Distribution System Company Limited which holds 25% of the Fund's units

The Fund changed its name from Tesco Lotus Retail Growth Freehold and Leasehold Property Fund to Lotus's Retail Growth Freehold and Leasehold Property Fund and registered the change with the Securities and Exchange Commission of Thailand on 29 March 2021.

The Fund is managed by Krung Thai Asset Management Public Company Limited ("the Management Company"). Hong Kong and Shanghai Banking Corporation Limited has been appointed to be the Trustee and Ek-Chai Distribution System Company Limited acts as the Property Manager.

These financial statements have been approved by the management of the Management Company on 24 April 2023.

## **2 Significant events during the current year**

On 13 March 2022, The Fund had renewed hypermarket and foodcourt for 10 years with Ek-Chai Distribution System Company Limited. It consisted of 22 branches such as Srinakarin, Krabi, Prachachuen, Rangsit Klong 7, TungSong, Singburi, Pranburi, Mahachai, Maesai, Ranong, Phuket, Salaya, Nakornsrihammarat, Samui, Pitsanulok, Amatanakorn, Petchaboon, Lumlukka Klong 6, Sena, Bangpoo, Rangsit-Nakornnayok and Rama I.

## **3 Basis of preparation**

These financial statements have been prepared in accordance with accounting guidelines for the Property Fund, Real Estate Investment Trust, Infrastructure Fund and Infrastructure Trust established by the Association of Investment Management Companies and endorsed by the Securities and Exchange Commission, Thailand (accounting guidelines). For the areas not covered by the accounting guidelines, the Fund applies the requirements in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with the accounting guideline requires management to use certain critical accounting estimates and to exercise its judgment in the process of applying the Fund's accounting policies. The area involving a higher degree of judgment or complexity, or area that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 6.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## **4 Accounting policies**

### **4.1 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date.

### **4.2 Valuation of investment in properties investments**

Investment properties, principally freehold and leasehold properties include lands, buildings and infrastructures related to shopping mall are held for long-term rental yields or for capital appreciation or both and are not occupied by the Fund.

Investment property is measured initially at cost, including directly attributable costs.

Subsequently, they are carried at fair value. Changes in fair values are presented in the statement of comprehensive income as an unrealised gain or loss as of measurement date.

The fair value is based on the appraisal value determined by the independent professional appraisers licensed by the Securities and Exchange Commission Thailand ("the Thai SEC"). The Fund will conduct an appraisal of the properties every two years from the date of the appraisal for the purchase or lease of the properties or when there are changes that materially affect the value of such investment properties and will update appraisals with a review every year after the date of the latest appraisal as required by the Thai SEC.

### **4.3 Financial asset**

#### *Classification and measurement*

The Fund classifies its financial assets as financial assets at fair value through profit or loss. These financial assets exclude rental receivables which are explained in note 4.4.

At initial recognition, the Fund measures a financial asset at its fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are expensed in profit or loss.

After the initial recognition, the Fund measures these financial assets at fair value through profit or loss. A gain or loss on financial asset that is subsequently measured at fair value is recognised in the statement of comprehensive income and presented within net unrealised gain/loss on investments in the period in which it arises.

#### *Recognition and Derecognition*

Financial assets are recognised in the statement of financial position when the Fund is contractual party according to the condition of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

### **4.4 Rental receivables**

Rental receivables are carried at the original invoice amount and subsequently measured at the amortised cost since the Fund holds receivables with the objective to collect the contractual cash flows.

In assessing the expected credit loss of the receivables which measured at amortised cost, the Fund applied the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Fund assesses on a forward looking basis. Impairment (and reversal of impairment) losses are recognized in profit or loss as a separate line item.



#### **4.5 Leases**

*- Investments in properties at fair value*

*Lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use for the Fund. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the outstanding lease payments at the lease commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are recognised by the initial amount of liabilities under lease agreements including the rental payment which paid before or on the date of the contract, net of incentives received under the lease initial direct cost and asset pretreatment costs.

For subsequent measurement, the Fund applies fair value model to right-of-use assets that meet the definition of investment property.

*Lessor*

Rental income under operating leases is recognised on either a straight-line basis or another systematic basis. The lessor shall apply another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

*- Right of use asset - Solar cell rooftop*

*Lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use for the Fund. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Fund allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### **4.6 Deferred expenses**

Deferred expenses comprise of the deferred contract costs and other directly related expenses as incurred. Deferred expenses are amortised as an expense over the contract period.

#### **4.7 Financial liabilities**

At initial recognition, the Fund measures a financial liability at its fair value. Transaction costs that are directly attributable to the acquisition of the financial liability are expensed in profit or loss. All financial liabilities are financial liabilities initially recognised at fair value and subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

For financial liabilities subsequently measured at amortised cost, the Fund recognises financial cost by effective interest rate.

#### **4.8 Revenue recognition**

The Fund's main revenue derives from rental and service income. The Fund recognised rental and service income on a straight-line basis over the period of the lease.

Interest income is recognised on an accrual basis.

#### **4.9 Expenses**

Expenses are recognised on an accrual basis.

#### **4.10 Income taxes**

The Fund is exempted from Thailand corporate income taxes. No provision for corporate income tax has been made in the financial statements.

**5 Dividend payment policy**

Dividend payment

The Management Company will consider to pay dividends to unitholder no more than 4 times annually, provided that:

- 1) If the Fund has net profits in each year, the Management Company shall pay not less than 90% (or any other percentage as may be permitted by the Securities Law from time to time) of the net profit of the year as dividends to unitholder.
- 2) If the Fund has accumulated profits, the Management Company may pay dividend to unitholder out of the accumulated profits.

Such net profit and accumulated profits shall be as actually derived and shall not include the following:

- 1) Unrealised gain from the appraisal or review of properties, leasehold rights, investments in securities and/or assets of the Fund in the given accounting period.
- 2) The payment of dividends under 1) shall not increase the Fund's accumulated losses for the accounting period in which the dividends are paid.

In considering the payment of dividends, if the value of interim dividends per investment unit to be paid is lower than or equal to Baht 0.10, the Management Company reserves the right not to pay dividends at that time and to bring such dividends forward for payment together with the payment of annual dividend.

Conditions and criteria for paying dividends to unitholder can be summarised as follows:

- 1) In the event that any one person or a group of persons holds more than one-third of the Fund total investment units sold, the Management Company shall not pay dividend to the said person or the group of persons for the portion exceeding one-third of the total investment units sold, or for the portion exceeding 50 percent of total number of investment units sold if such person or the group of persons are those whom specified by the Thai SEC except where the Thai SEC or any related agency will specify, order or exempt otherwise. In this case, the Management Company shall use the unpaid dividend for the Fund's benefit or in accordance with the notification of the Thai SEC.
- 2) In considering paying dividend to a group of persons holds more than one-third of the Fund total investment units sold, the number of investment units for which each investor in the said group is entitled to receive dividend shall be calculated on a pro rata basis of their unitholding, except where the Thai SEC or any related agency will specify, order or exempt otherwise.

On 13 May 2011, the Thai SEC approved the Fund to amend "procedure for handling dividends unpayable to unitholder" as follows:

The Management Company shall bequeath dividends unpaid to unitholder, if any, to the state as public revenue, and this shall be deemed to have been acknowledged and approved by all unitholders. Pending such process, the Management Company shall keep record of such dividends separated from the other assets of the Fund and not include such amount in the calculation of the Fund's net asset value.

**Lotus's Retail Growth Freehold and Leasehold Property Fund**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2023**

Capital reduction

- 1) Where the Fund has excess liquidity resulting from one or more of the following:
  - a) The disposal of the real estate or the leasehold rights and/or
  - b) The value of the real estate or the leasehold rights decreases from the appraised value or from the reviewed appraisal value, and/or
  - c) From gradually amortised deferred charge.

The Management Company may pay the excess liquidity to the unitholder by reducing the registered capital of the Fund after adding back the excess liquidity due to amortisation of issuance cost and ground lease and deducting rental and service income which has not been received in cash.

- 2) The Management Company reserves the right to reduce the registered capital of the Fund at its discretion.

**6 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of investments in properties

The fair value of investments in properties that are not traded in an active market is determined by Income Approach using discounted expected future cash flows received from investments in properties by the appropriate discount rate which reflect related risks. The Fund engages independence appraiser to assess the fair value of properties and disclosed the fair value measurement in Note 11.

**7 Financial risk**

Interest rate risk

Interest rate risk is the risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments. The financial assets of the Fund that potentially subject to the interest rate risk is bonds and deposit with banks.

Significant financial assets of the Fund measured at fair value through profit or loss classified by type of interest rates are summarised in the table below.

	As at 28 February 2023			Total Baht'000
	Floating interest rates Baht'000	Fixed interest rates Baht'000	Non-interest bearing Baht'000	
<b>Financial assets</b>				
Investments in debt securities measured at fair value through profit or loss	-	1,505,510	-	1,505,510
Cash and cash equivalents	406,175	-	53,847	460,022

**Lotus's Retail Growth Freehold and Leasehold Property Fund**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2023**

<b>As at 28 February 2022</b>			
<b>Floating interest rates Baht'000</b>	<b>Fixed interest rates Baht'000</b>	<b>Non-interest bearing Baht'000</b>	<b>Total Baht'000</b>

**Financial assets**

Investments in debt securities measured at fair value through profit or loss	-	909,658	-	909,658
Cash and cash equivalents	873,574	-	80,742	954,316

Credit risk

Credit risk is the risk that counterparties might not discharge their obligation causing the Fund to incur a financial loss. Credit risk arises from risk in the collectability of rental receivables. However, those assets will be due for payment on a short-term basis. The Fund do not expect any financial loss from collection of receivables.

Foreign exchange rate risk

The Fund has no financial assets and liabilities which is foreign exchange so there is no foreign exchange rate.

Market risk

The fund is exposed to market risk due to its investment in debt instruments. The return of such investment depends on the fluctuation of the economic, political, financial market and capital market situation. Such circumstances may have a positive or negative impact on the company operation of the issuing company depending on the type of business of the issuer of how much it correlates with the market volatility, which may increase or decrease the price of the instruments.

Liquidity risk

Liquidity risk, is the risk that The fund will encounter difficulty to settle the obligation related to financial liabilities which must be settled in cash or other financial assets.

The Fund's policy is to ensure that sufficient financial assets are available to meet financial commitments by performing cash flow analysis regularly to ensure that cash flows generated are sufficient so that financial commitments are met.

The Fund's financial assets mainly comprises of cash and cash equivalents and investment in debt securities. The Fund believes that such financial assets will be able to be sold quickly at close to their fair value.

The maturity analysis of financial liabilities is disclosed in Note 17,18

Risk Management

The Fund manages the risk that may increase from investment by setting risk management policies, such as investment diversification and analysis of the position of the investing business.

## 8 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Fund may adjust the amount of dividends paid to unitholder, return capital to unitholder, issue new shares or sell assets to reduce debt, if any.

## 9 Fair value of financial instruments

### 9.1 Fair value estimate

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available. In applying the above-mentioned valuation techniques, the Fund endeavors to use relevant observable inputs as much as possible.

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 : Inputs for the asset or liability that are not based on observable market data.

The Fund had the following assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Baht'000)			
	Level 1	Level 2	Level 3	Total
<b>As of 28 February 2023</b>				
<b>Assets</b>				
Investments in debt securities measured at fair value through profit or loss	-	1,505,510	-	1,505,510
Investments in properties	-	-	29,747,690	29,747,690
<b>Total assets</b>	<b>-</b>	<b>1,505,510</b>	<b>29,747,690</b>	<b>31,253,200</b>
<b>As of 28 February 2022</b>				
<b>Assets</b>				
Investments in debt securities measured at fair value through profit or loss	-	909,659	-	909,659
Investments in properties	-	-	31,065,898	31,065,898
<b>Total assets</b>	<b>-</b>	<b>909,659</b>	<b>31,065,898</b>	<b>31,975,557</b>

**9.2 Valuation techniques used to derive Level 2 fair values**

The fair value of investments in securities has been determined by using the yield curve as announced by the Thai Bond Market Association.

**9.3 Valuation techniques used to derive Level 3 fair values**

The fair value of the investment properties has been determined based on the income approach by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. The independent valuer reports directly to the Management Company. For financial reporting purpose, the Management Company reviews the valuation performed by the independent valuer. Review of valuation process and result is held between the Management Company and the Trustee in each accounting period, in line with the Fund's reporting dates.

The main information that the appraiser used for fair value assessment Level 3 such as discount rate was determined from business type, the location of project, generated cash flow, competitive market and risk-free return rate. The appraiser applied 10% - 11% of discounted cash flow for valued asset based on yield rate of government bond plus market, operational, and liquidity risk.

**9.4 Valuation processes**

Sensitivity analysis for each significant assumption

	Impact on fair value increase (decrease)	
	2023 Baht'000	2022 Baht'000
<b>Discount rate</b>		
Discount rate, decrease of 0.50 percent	1,004,000	1,061,000
Discount rate, increase of 0.50 percent	(961,000)	(1,012,000)
<b>Capitalisation rate</b>		
Capitalisation rate, decrease of 0.50 percent	916,000	985,000
Capitalisation rate, increase of 0.50 percent	(796,000)	(850,000)
<b>Rental growth rate</b>		
Rental growth rate, decrease of 0.50 percent	(648,000)	(866,000)
Rental growth rate, increase of 0.50 percent	672,000	888,000

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Fair value for liabilities for which the fair value is disclosed at reporting date

A summary of fair value hierarchy of liabilities not carried at fair value but for which the fair value is disclosed as at 28 February 2023 and 28 February 2022 is below:

	(Unit: Baht'000)			
	Level 1	Level 2	Level 3	Total
<b>As of 28 February 2023</b>				
Borrowing	-	2,450,000	-	2,450,000
	-	2,450,000	-	2,450,000
	(Unit: Baht'000)			
	Level 1	Level 2	Level 3	Total
<b>As of 28 February 2022</b>				
Borrowing	-	2,450,000	-	2,450,000
	-	2,450,000	-	2,450,000

Other financial instruments not carried at fair value are typically short-term in nature. Accordingly, their carrying amount is a reasonable approximation of fair value.

**10 Investment in debt securities measured at fair value through profit or loss**

Movement of investments in debt securities measured at fair value through profit or loss for the year ended 28 February are as follows;

	Investments in Bank of Thailand Bonds	
	2023	2022
	Baht'000	Baht'000
Opening balance	909,658	939,873
Purchase of investments in securities	4,808,354	3,725,854
Disposal of investments in securities	(4,213,793)	(3,755,944)
Net gain (loss) from changes in value of investments	1,291	(125)
Closing balance	1,505,510	909,658

**11 Investments in properties at fair value**

Movement of Investments in properties at fair value for the year ended 28 February are as follows;

	2023	2022
	Baht'000	Baht'000
Opening balance of the year	31,065,898	31,331,815
Increase during the year	131,037	66,718
Net unrealised loss from investment valuation	(1,449,245)	(332,635)
Ending balance of the year	29,747,690	31,065,898



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Properties	(Baht'000)										
	Balance as of 1 March 2022					Change during the year ended 28 February 2023			Net gain (loss) from change in fair value of investment for the year ended 28 February 2023		Appraisal Date
	Cost	Fair value	Change in Right of use asset	Renovation cost	Acquisition cost	Change in lease contract cost	28 February 2023	28 February 2023	Fair value		
Srinakarin Project	3,173,847	3,608,753	-	28,151	75	(24,667)	3,202,073	3,612,312	25 February 2023		
Krabi Project	1,564,193	2,073,945	-	3,281	(3)	(66,303)	1,567,471	2,010,920	25 November 2022		
Prachachuen Project	1,548,629	1,691,730	-	5,215	134	3,781	1,553,978	1,700,860	25 November 2022		
Rangsit Klong 7 Project	1,078,875	1,449,969	-	3,026	45	(55,096)	1,081,946	1,397,944	25 November 2022		
Tung Song Project	909,330	838,128	-	1,215	(52)	(102,936)	910,493	736,355	25 November 2022		
Singburi Project	749,014	737,695	-	2,148	(39)	(112,696)	751,123	627,108	25 November 2022		
Pranburi project	730,422	875,787	-	1,027	127	(7,946)	731,576	868,995	25 November 2022		
Mahachai Project	629,938	584,465	-	1,573	15	(150,447)	631,526	435,606	25 November 2022		
Maesai Project	609,698	902,156	-	2,303	(24)	(86,446)	611,977	817,989	25 November 2022		
Ranong Project	577,245	654,746	-	2,632	(87)	12,263	579,790	669,554	25 November 2022		
Phuket Project	3,023,860	3,218,848	-	8,441	(243)	(138,960)	3,032,058	3,088,086	27 January 2023		
Salaya Project	1,837,490	2,002,816	-	15,702	36	5,321	1,853,228	2,023,875	27 January 2023		
Nakornrithamarat Project	1,263,731	1,407,063	-	3,901	(51)	2,785	1,267,581	1,413,698	27 January 2023		
Navanakorn Project	2,312,929	2,513,175	-	16,238	267	25,161	2,329,434	2,554,841	27 January 2023		
Samui Project	1,292,104	892,594	-	4,325	51	(108,714)	1,296,480	788,256	25 November 2022		
Pitsanulok Project	1,215,227	1,132,321	-	3,748	(30)	(84,364)	1,218,945	1,051,675	25 November 2022		
Amatanakorn Project	1,601,118	2,025,861	-	3,824	43	(234,616)	1,604,985	1,795,112	25 November 2022		
Petchaboon Project	790,804	877,493	-	823	(225)	(80,802)	791,402	797,289	25 November 2022		
Lumlukka Klong 6 Project	566,673	603,183	-	2,789	-	(72,794)	569,462	533,178	25 November 2022		
Sena Project	407,756	390,549	-	1,556	30	(25,982)	409,342	366,153	25 November 2022		
Bangpoo Project	725,459	779,867	-	2,520	70	(20,573)	728,049	761,884	27 January 2023		
Rangsit-Nakornayok Project	802,533	700,392	-	11,081	14	(8,361)	813,628	703,126	27 January 2023		
Rama I Project	1,469,129	1,104,362	-	5,332	33	(116,853)	1,474,494	992,874	25 November 2022		
<b>Total</b>	<b>28,880,004</b>	<b>31,065,898</b>	<b>-</b>	<b>130,851</b>	<b>186</b>	<b>(1,449,245)</b>	<b>29,011,041</b>	<b>29,747,690</b>			

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Properties	(Baht'000)									
	Balance as of 1 March 2021		Change during the year ended 28 February 2022			Net gain (loss) from change in fair value of investment for the year ended 28 February 2022		28 February 2022		Appraisal Date
	Cost	Fair value	Change in Right of use asset	Renovation cost	Change in lease contract Acquisition cost	28 February 2022	Fair value			
Srinakarin Project	3,169,285	3,550,449	-	4,634	(72)	53,742	3,173,847	3,608,753	25 February 2022	
Krabi Project	1,560,606	2,075,159	-	3,704	(117)	(4,801)	1,564,193	2,073,945	26 November 2021	
Prachachuen Project	1,543,464	1,698,075	-	5,152	13	(11,510)	1,548,629	1,691,730	26 November 2021	
Rangsit Klong 7 Project	1,076,677	1,473,522	-	2,146	52	(25,751)	1,078,875	1,449,969	26 November 2021	
Tung Song Project	906,646	871,424	-	2,806	(122)	(35,980)	909,330	838,128	26 November 2021	
Singburi Project	747,148	797,531	-	1,908	(42)	(61,702)	749,014	737,695	26 November 2021	
Pranburi project	729,727	864,948	-	753	(58)	10,144	730,422	875,787	26 November 2021	
Mahachai Project	628,609	684,072	-	1,381	(52)	(100,936)	629,938	584,465	26 November 2021	
Maesai Project	608,608	900,481	-	1,107	(17)	585	609,698	902,156	26 November 2021	
Ranong Project	575,881	652,503	-	1,312	52	879	577,245	654,746	26 November 2021	
Phuket Project	3,018,509	3,268,155	-	5,537	(186)	(54,658)	3,023,860	3,218,848	27 January 2022	
Salaya Project	1,833,798	2,020,684	-	3,787	(95)	(21,560)	1,837,490	2,002,816	27 January 2022	
Nakornsihammarat Project	1,260,786	1,398,103	-	3,127	(182)	6,015	1,263,731	1,407,063	27 January 2022	
Navanakorn Project	2,308,548	2,581,916	-	4,064	317	(73,122)	2,312,929	2,513,175	27 January 2022	
Samui Project	1,288,861	948,022	-	3,319	(76)	(58,671)	1,292,104	892,594	26 November 2021	
Pitsanulok Project	1,214,069	975,749	-	1,209	(51)	155,414	1,215,227	1,132,321	26 November 2021	
Amatanakorn Project	1,592,701	2,037,620	4,181	3,779	457	(20,176)	1,601,118	2,025,861	26 November 2021	
Petchaboon Project	789,176	875,480	-	1,599	29	385	790,804	877,493	26 November 2021	
Lumlukka Klong 6 Project	562,059	598,019	-	4,479	135	550	566,673	603,183	26 November 2021	
Sena Project	406,730	384,588	-	1,041	(15)	4,935	407,756	390,549	26 November 2021	
Bangpoo Project	723,072	801,604	-	2,491	(104)	(24,124)	725,459	779,867	27 January 2022	
Rangsit-Nakornnayok Project	800,744	762,426	-	1,743	46	(63,823)	802,533	700,392	27 January 2022	
Rama I Project	1,467,581	1,111,285	-	1,512	36	(8,471)	1,469,129	1,104,362	26 November 2021	
<b>Total</b>	<b>28,813,285</b>	<b>31,331,815</b>	<b>4,181</b>	<b>62,590</b>	<b>(52)</b>	<b>(332,636)</b>	<b>28,880,004</b>	<b>31,065,898</b>		

### **Investments in properties**

#### For the year ended 28 February 2023

On 25 November 2022, the Fund engaged an independent valuer to assess the fair value of the investments in properties for 16 projects which are 1) Krabi Project, 2) Prachachuen Project, 3) Rangsit Klong 7 Project, 4) Tung Song Project, 5) Singburi Project, 6) Pranburi Project, 7) Mahachai Project, 8) Maesai Project, 9) Ranong Project, 10) Samui Project, 11) Pitsanulok Project, 12) Amatanakorn Project, 13) Petchaboon Project, 14) Lumlukka Klong 6 Project, 15) Sena Project, and 16) Rama I Project. The Fund acquired such projects on 14 March 2012.

The independent valuer applied the Income Approach. The result revealed that the fair value of the investments in properties for those 16 projects which had carrying value at Baht 16,473 million was Baht 15,206 million. The Fund recorded the unrealised loss from the assessment amounting to Baht 1,267 million in the statement of comprehensive income. The Fund's management has assessed that the fair value as at 28 February 2023 is not significantly different from the fair value on appraisal date.

Later, on 27 January 2023, the Fund engaged an independent valuer to assess the fair value of the investments in properties for 6 projects which are 1) Phuket Project, 2) Salaya Project, 3) Nakornsrihammarat Project, 4) Bangpoo Project, 5) Rangsit Nakornnayok Project and 6) Navanakorn Project. The Fund acquired first five projects on 3 December 2012 and Navanakorn Project on 24 January 2014.

The independent valuer applied the Income Approach. The result revealed that the fair value of the investments in properties for those 6 projects which had carrying value at Baht 10,481 million was Baht 10,354 million. The Fund recorded the unrealised loss from the assessment amounting to Baht 127 million in the statement of comprehensive income. The Fund's management has assessed that the fair value as at 28 February 2023 is not significantly different from the fair value on appraisal date.

Subsequently, on 25 February 2023, the Fund engaged an independent valuer to assess the fair value of the investments in properties for 1 project which is Srinakarin project. The Fund acquired such projects on 14 March 2012.

The independent valuer applied the Income Approach. The result revealed that the fair value of the investments in properties for these 1 project which had carrying value at Baht 3,637 million was Baht 3,612 million. The Fund recorded the unrealised loss from the assessment amounting to Baht 25 million in the statement of comprehensive income. The Fund's management has assessed that the fair value as at 28 February 2023 is not significantly different from the fair value on appraisal date.

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On 26 November 2021, the Fund engaged an independent valuer to assess the fair value of the investments in properties for 16 projects which are 1) Krabi Project, 2) Prachachuen Project, 3) Rangsit Klong 7 Project, 4) Tung Song Project, 5) Singburi Project, 6) Pranburi Project, 7) Mahachai Project, 8) Maesai Project, 9) Ranong Project, 10) Samui Project, 11) Pitsanulok Project, 12) Amatanakorn Project, 13) Petchaboon Project, 14) Lumlukka Klong 6 Project, 15) Sena Project, and 16) Rama I Project. The Fund acquired such projects on 14 March 2012.

The independent valuer applied the Income Approach. The result revealed that the fair value of the investments in properties for those 16 projects which had carrying value at Baht 16,556 million was Baht 16,694 million. The Fund recorded the unrealised gain from the assessment prior to the leasing adjustment amounting to Baht 138 million in the statement of comprehensive income. The Fund's management has assessed that the fair value as at 28 February 2022 is not significantly different from the fair value on appraisal date.

Later, on 27 January 2022, the Fund engaged an independent valuer to assess the fair value of the investments in properties for 6 projects which are 1) Phuket Project, 2) Salaya Project, 3) Nakornsrihammarat Project, 4) Bangpoo Project, 5) Rangsit Nakornnayok Project and 6) Navanakorn Project. The Fund acquired first five projects on 3 December 2012 and Navanakorn Project on 24 January 2014.

The independent valuer applied the Income Approach. The result revealed that the fair value of the investments in properties for those 6 projects which had carrying value at Baht 10,656 million was Baht 10,432 million. The Fund recorded the unrealised loss from the assessment prior to the leasing adjustment amounting to Baht 223 million in the statement of comprehensive income. The Fund's management has assessed that the fair value as at 28 February 2022 is not significantly different from the fair value on appraisal date.

Subsequently, on 25 February 2022, the Fund engaged an independent valuer to assess the fair value of the investments in properties for 1 project which is Srinakarin project. The Fund acquired such projects on 14 March 2012.

The independent valuer applied the Income Approach. The result revealed that the fair value of the investments in properties for these 1 project which had carrying value at Baht 3,555 million was Baht 3,609 million. The Fund recorded the unrealised gain from the assessment amounting to Baht 54 million in the statement of comprehensive income. The Fund's management has assessed that the fair value as at 28 February 2022 is not significantly different from the fair value on appraisal date.

On 13 March 2022, the Fund had renewal hypermarket and food court contract for four branches: Mahachai, Tungsong, Singburi and Samui. The rental rate for renewal contract has decreased resulting in decrease in fair value of such investment properties. Accordingly, the Fund recorded the unrealised loss from the assessment amounting to Baht 272 million in the statement of comprehensive income.

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**12 Cash and cash equivalents**

As at 28 February, the Fund has the details of cash and cash equivalents as follows:

	2023		2022	
	Principal Baht'000	Interest rate per annum %	Principal Baht'000	Interest rate per annum %
<b>Cash on hand and cash at bank</b>				
Cash on hand	6,914		8,000	
Hong Kong and Shanghai Banking Corporation Limited Saving account	62,628	0.40	10,306	0.40
Citibank N.A. Bangkok Branch Saving account	2,610	0.01	2,609	0.50
Kasikorn Bank Public Company Limited Current account	7,043		13,666	
Siam Commercial Bank Public Company Limited Current account	39,890		59,075	
CIMB Thai Bank Public Company Limited Saving account	1	0.75	1	0.75
Bangkok Bank Public Company Limited Saving account	19,467	0.50	-	
United Overseas Bank Saving account	321,469	0.65	860,659	0.15
	<u>460,022</u>		<u>954,316</u>	

**13 Rental receivables, net**

	2023 Baht'000	2022 Baht'000
Rental receivables	234,804	176,447
<u>Less</u> Expected credit loss	<u>(25,525)</u>	<u>(28,215)</u>
	<u>209,279</u>	<u>148,232</u>

As at 28 February, outstanding rental receivables can be analysed as follows:

	2023		2022	
	Rental receivables Baht'000	Expected credit loss Baht'000	Rental receivables Baht'000	Expected credit loss Baht'000
Up to 3 months	205,510	(183)	126,234	(331)
3 - 6 months	778	(65)	9,256	(662)
6 - 12 months	2,069	(721)	11,353	(3,732)
Over 12 months	26,447	(24,556)	29,604	(23,490)
<b>Total</b>	<u>234,804</u>	<u>(25,525)</u>	<u>176,447</u>	<u>(28,215)</u>

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**14 Deferred expenses**

Deferred expenses comprised of expenses as follows:

	2023 Baht'000	2022 Baht'000
Deferred contract cost	19,921	19,830
Other prepayments	6,935	8,285
	26,856	28,115

**15 Right of use asset**

Movement of right of use asset for the years ended 28 February are as follows;

	Right of use asset - Solar cell rooftop	
	2023 Baht'000	2022 Baht'000
Opening net book amount	180,847	-
Addition	-	188,002
Depreciation charge	(9,394)	(7,155)
Closing net book amount	171,453	180,847

**16 Borrowing**

Movement of borrowings are as follows;

	2023 Baht'000	2022 Baht'000
Beginning balance	2,450,000	2,450,000
Addition	-	-
Repayment	-	-
Ending balance	2,450,000	2,450,000

Maturity of borrowing is as follows:

	2023 Baht'000	2022 Baht'000
Within 1 year	-	2,450,000
Over 1 year	2,450,000	-
Ending balance	2,450,000	2,450,000

The fund had refinanced the borrowings with CIMBT amounting to Baht 2,450 million, which was originally due in December 2022.

The borrowing bears interest at Average MLR - 3.5% (2022: BIBOR + 1.075%) and will be repayable within December 2027.

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Average MLR means average MLR quoted by BBL,KBANK,KTB and SCB.

BIBOR is Bangkok Interbank Offer Rate of CIMB Thai Bank Public Company Limited for the three-month period.

The Fund has no undrawn committed borrowing facilities.

**17 Lease liabilities - Right of use asset**

As at 28 February 2023 and 2022, maturity of lease liabilities under finance lease agreement are as follows:

	<b>Right of use asset - Solar cell rooftop</b>	
	<b>2023 Baht'000</b>	<b>2022 Baht'000</b>
Within 1 year	15,516	23,749
Later than 1 year but not later than 5 years	52,292	52,714
Later than 5 years	161,560	174,485
<b>Total</b>	<b>229,368</b>	<b>250,948</b>
<b>Less</b> Future finance charges on finance lease agreement	<b>(52,961)</b>	<b>(58,537)</b>
<b>Present value of liabilities under finance lease agreement</b>	<b>176,407</b>	<b>192,411</b>

Present value of finance lease liabilities

	<b>28 February 2023 Baht'000</b>	<b>28 February 2022 Baht'000</b>
Within 1 year	10,185	18,173
Later than 1 year but not later than 5 years	33,553	32,937
Later than 5 years	132,669	141,301
<b>Total</b>	<b>176,407</b>	<b>192,411</b>

**18 Lease liabilities**

As at 28 February 2023 and 2022, maturity of lease liabilities under finance lease agreement are as follows:

	<b>Investments in properties at fair value</b>	
	<b>2023 Baht'000</b>	<b>2022 Baht'000</b>
Within 1 year	46,745	45,659
Later than 1 year but not later than 5 years	254,331	248,622
Later than 5 years	358,746	411,185
<b>Total</b>	<b>659,822</b>	<b>705,466</b>
<b>Less</b> Future finance charges on finance lease agreement	<b>(103,142)</b>	<b>(118,463)</b>
<b>Present value of liabilities under finance lease agreement</b>	<b>556,680</b>	<b>587,003</b>

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Present value of finance lease liabilities

	28 February 2023 Baht'000	28 February 2022 Baht'000
Within 1 year	32,199	30,338
Later than 1 year but not later than 5 years	196,015	185,303
Later than 5 years	328,466	371,362
<b>Total</b>	<b>556,680</b>	<b>587,003</b>

### 19 Unitholder' equity

The fund has no capital reduction during the year.

Movements in retained earnings as at 28 February are as follows:

	2023 Baht'000	2022 Baht'000
Beginning balance	3,940,157	4,098,412
<u>Add</u> Net investment income	2,155,086	1,758,949
Net unrealised loss from investments valuation	(1,447,956)	(332,760)
<u>Less</u> Dividend paid to unitholder (Note 20)	(1,866,788)	(1,584,444)
<b>Ending balance</b>	<b>2,780,499</b>	<b>3,940,157</b>

### 20 Dividend

The investment committee approved dividend as follows:

The details of dividends for the year ended 28 February 2023 are as followed:

No.	The operation for the year	Approved date	Unitholder register's book closed date	Payment date	Per unit Baht	Total Million Baht
1	1 December 2021 to 28 February 2022	20 April 2022	05 May 2022	20 May 2022	0.1873	438
2	1 March 2022 to 31 May 2022	19 July 2022	02 August 2022	16 August 2022	0.2042	477
3	1 June 2022 to 31 August 2022	17 October 2022	31 October 2022	15 November 2022	0.2034	475
4	1 September 2022 to 30 November 2022	17 January 2023	31 January 2023	14 February 2023	0.2038	477
						1,867

The details of dividends for the year ended 28 February 2022 are as followed:

No.	The operation for the year	Approved date	Unitholder register's book closed date	Payment date	Per unit Baht	Total Million Baht
1	1 December 2020 to 28 February 2021	16 April 2021	28 April 2021	19 May 2021	0.1878	439
2	1 March 2021 to 31 May 2021	15 July 2021	29 July 2021	16 August 2021	0.1793	419
3	1 June 2021 to 31 August 2021	18 October 2021	01 November 2021	16 November 2021	0.1389	325
4	1 September 2021 to 30 November 2021	18 January 2022	01 February 2022	15 February 2022	0.1719	401
						1,584



## **21 Expenses**

The management fee, trustee fee, registrar fee and property management fee are calculated by the Management Company as follows:

### **Management fee**

The Management Company is entitled to receive a monthly management fee from the Fund at a rate not exceeding 0.16% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee.

### **Trustee fee**

The Trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.01% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee. The foregoing does not include other expenses as actually incurred such as the expenses for the inspection of assets of the Fund.

### **Registrar fee**

The fee for the Investment Unit Registrar shall be at a rate not exceeding 0.02% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee.

### **Property management fee**

Fees and expenses of the Property Manager shall be payable to the Property Manager on a monthly basis according to the Property Management Agreement between the Fund and the Property Manager. The details can be summarised as follows:

- 1) Fee for rental collection on behalf of the Fund at the rate not exceeding 3% of net property revenue.
- 2) Leasing commission for procuring tenants and management of all tenants of the Fund upon entering into new lease agreements with new tenants or renewal of lease agreements is calculated at the rate of 0.5 - 1.5 times of the monthly rental fees depending on the type and year (terms) of lease agreements.
- 3) Property management fee is calculated at the rate not exceeding 0.3% per annum of the net asset value of the Fund calculated as at the last day of previous month.
- 4) Incentive fee for the Property Manager is calculated at the rate of not exceeding 2.35% of net property income.

**Lotus's Retail Growth Freehold and Leasehold Property Fund**  
**Notes to the Financial Statements**  
**For the year ended 28 February 2023**

**Operating expenses**

Operating expense comprised

	<b>2023</b>	<b>2022</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Cleaning, security and store used and supplies expense	63,100	63,499
Insurance expense	17,937	21,521
Repair and maintenance expense	25,677	26,238
Utilities expense	103,780	99,989
Sales promotion	13,044	14,467
Asset appraisal expense	1,284	3,077
Property tax	47,185	45,264
Annual inspection fee	2,478	2,478
Annual general meeting expense	175	75
Non-refundable withholding tax expense	34	7
	<b>274,694</b>	<b>276,615</b>

**Other expenses**

Other expenses comprised

	<b>2023</b>	<b>2022</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Printing expense	-	21
Listing expense	96	89
Bank charge	90	65
(Reversal of) expected credit loss	(2,690)	3,470
Accounting and tax management fee	737	737
Legal fee	123	232
Service Charge on Property	1,161	1,093
Other expense	6,549	1,022
	<b>6,066</b>	<b>6,729</b>

**22 Related party transactions**

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Fund, including holding entities, subsidiaries and fellow subsidiaries are related parties of the Fund. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Fund that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Fund and close members of the family of these individuals and entities associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationship among major related parties can be summarised as follows:

- Ek-Chai Distribution System Company Limited is the Property Manager of the Fund and unit holder in proportionate 25%.
- Krung Thai Asset Management Public Company Limited is the Management Company of the Fund.

The following significant transactions were carried out with related parties:

**a) Statement of comprehensive income**

	<b>2023</b>	<b>2022</b>
	<b>Baht'000</b>	<b>Baht'000</b>
The Property Manager:		
Rental income	908,665	730,327
Property management fee	245,549	236,186
Accounting and tax management fee	737	737
The Management Company:		
Management fee	15,385	15,323
Registrar fee	4,510	4,553

**b) Statement of financial position**

	<b>2023</b>	<b>2022</b>
	<b>Baht'000</b>	<b>Baht'000</b>
The Property Manager:		
Rental receivable	153,101	81,230
Other accounts payable	6,475	11,433
Accrued expenses	54,745	48,990
The Management Company:		
Accrued expenses	2,563	2,585

### **23 Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as that makes strategic decisions.

The Fund operates in business which is the investment in property and the business is only operated in Thailand. Income and expenses from this segment are the same amount with the statement of income. Therefore, the presentation of segment information is not necessary.

### **24 Information regarding purchase and sale of investments**

During the year 2023, the Fund has purchased investments excluding investments in bank deposits amounting to Baht 4,939 million, representing 17.12% of the weighted average net asset value during the year. The Fund has sold investments amounting to Baht 4,214 million, representing 14.60% of the weighted average net asset value during the year.

During the year 2022, the Fund has purchased investments excluding investments in bank deposits amounting to Baht 3,793 million, representing 12.85% of the weighted average net asset value during the year. The Fund has sold investments amounting to Baht 3,756 million, representing 12.73% of the weighted average net asset value during the year.

### **25 Post statement of Financial Position**

On 21 April 2023, the Board of Investment Committee passed the resolution to pay the 44th dividend from the operation between 1 December 2022 to 28 February 2023 at the rate of Baht 0.2168 per unit totaling amount approximately at Baht 506.72 million. The payment date will be on 22 May 2023.