

C.P. Tower Growth Leasehold Property Fund
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Unitholders of C.P. Tower Growth Leasehold Property Fund

Opinion

I have audited the accompanying financial statements of C.P. Tower Growth Leasehold Property Fund (the Fund), which comprise the statements of financial position and detail of investments as at 31 December 2023, and the related statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of C.P. Tower Growth Leasehold Property Fund as at 31 December 2023, its financial performance, changes in its net assets and cash flows for the year then ended in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were 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 these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures responded to each matter were described below.

Revenue recognition

In 2023, the Fund recognised rental and service income of Baht 1,276 million, representing 99% of total revenues. The Fund entered into agreements with a large number of retail customers and conditions in these agreements may differ. I, therefore, focused on the measurement and occurrence of rental and service income.

I examined recognition of rental and service income of the Fund as below.

- Assessed and tested the Fund's key internal controls over revenue recognition by making an enquiry of responsible persons, gained an understanding of and selected samples to test the operation of the designed controls.
- Applied a sampling method to select rental and service agreements to assess whether revenue recognition was in compliance with the Fund's revenue recognition policies.
- Performed analytical procedures on disaggregated revenues to detect possible irregularities in revenues throughout the year, particularly for accounting entries made through journal vouchers.

Fair value of investments in leasehold rights to properties

As at 31 December 2023, the Fund had investments in leasehold rights to properties measured at fair value of Baht 8,940 million, representing 89% of total assets. Such investments are not traded in an active market and a comparable price of the same or similar investments are not readily available. The Fund's management therefore determined the fair value of such investments with reference to the value appraised by an independent appraiser. The Fund's management is required to exercise significant judgement with respect to the forecast of future operating results and cashflows, including determination of assumptions, e.g. growth rate, discount rate, etc., used in fair value calculation. I, therefore, focused on the examination of such fair value.

I examined the reasonableness of fair value of investments in leasehold rights to properties as below.

- Made an enquiry of and gained an understanding of fair value assessment, including determination of assumptions necessary to calculate fair value.
- Reviewed the appropriateness of key assumptions used in fair value calculation by benchmarking with historical information, performance actually incurred, comparable other information from similar assets, and economic factor and trends, and so on.
- Considered the appropriateness of the valuation method selected and the consistency of the method adopted, and assumptions determined.
- Tested calculation of fair value.

Other Information

The Fund's management is responsible for the other information. The other information comprise the information included in annual report of the Fund, but does not include the financial statements and my auditor's report thereon. The annual report of the Fund 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 do 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 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 of the Fund, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the Fund's management for correction of the misstatement.

Responsibilities of the Fund's management for the Financial Statements

The Fund's management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand, and for such internal control as the Fund's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund's management 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 unitholders either intends to liquidate the Fund or the Fund has to cease operations, or has no realistic alternative but to do so in accordance with the governance's rules.

The Fund's management are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Saranya Pludsri

Certified Public Accountant (Thailand) No. 6768

EY Office Limited

Bangkok: 15 February 2024

C.P. Tower Growth Leasehold Property Fund

Statements of financial position

As at 31 December 2023 and 2022

			(Unit: Baht)
	Note	2023	2022
Assets			
Investments measured at fair value through profit or loss			
(At cost as at 31 December 2023: Baht 692,517,585	5, 14	692,497,195	597,781,753
and 31 December 2022: Baht 597,657,166)			
Investments in leasehold rights to properties at fair value			
(At cost as at 31 December 2023: Baht 9,767,639,492	6	8,940,000,000	9,363,000,000
and 31 December 2022: Baht 9,760,155,942)			
Cash and cash at banks	7, 13	342,382,215	399,868,383
Receivables			
From rental and services	8, 13	59,960,188	42,108,870
From interest		35,216	30,984
Deferred costs to obtain contracts		28,250,994	17,181,124
Other current assets		9,133,408	9,161,799
Total assets		10,072,259,216	10,429,132,913

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

(Piraj Migasena)
Executive Vice President

(Voravannee Tangsirikusolwong)
Senior Executive Vice President

C.P. Tower Growth Leasehold Property Fund
Statements of financial position (continued)
As at 31 December 2023 and 2022

		(Unit: Baht)	
	Note	2023	2022
Liabilities			
Other payables	13	60,884,962	56,448,522
Accrued expenses	13	59,419,600	66,505,915
Payable to the Revenue Department		1,857,741	2,506,868
Unearned income	13	22,048,865	21,303,491
Guarantee deposits received from customers	13	276,953,027	269,193,933
Total liabilities		421,164,195	415,958,729
Net assets		9,651,095,021	10,013,174,184
Net assets:			
Fund registered			
(31 December 2023: 967,000,000 units of Baht 9.8538 each, 31 December 2022: 967,000,000 units of Baht 10.0842 each)		9,528,624,600	9,751,421,400
Capital from unitholders			
(31 December 2023: 967,000,000 units of Baht 9.8538 each, 31 December 2022: 967,000,000 units of Baht 10.0842 each)		9,528,624,600	9,751,421,400
Retained earnings	10	122,470,421	261,752,784
Net assets		9,651,095,021	10,013,174,184
Net asset value per unit (Baht)		9.9804	10.3548
Number of units issued at the end of years (units)		967,000,000	967,000,000

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

C.P. Tower Growth Leasehold Property Fund

Detail of investments

As at 31 December 2023 and 2022

Details of investments classified by asset classes.

Type of investments	Areas leased by the Fund	2023			2022			
		Percentage of investment		Fair value	Percentage of investment		Fair value	
		Cost	(Baht)		Cost	(Baht)		
Investments in leasehold rights to properties (Note 6)								
C.P. Tower 1 (Silom)								
<u>Location:</u>	Silom Road, Bangrak, Bangkok 10500	3-1-3.0 rai or 91,664 sq.m.	4,062,579,942	3,929,000,000	40.79	4,062,579,942	3,883,000,000	38.98
C.P. Tower 2 (Fortune Town)								
<u>Location:</u>	Ratchadaphisek Road, Dindaeng, Bangkok 10400	15-3-3.8 rai or 194,655.35 sq.m.	4,832,332,943	4,293,000,000	44.57	4,824,849,393	4,683,000,000	47.02
C.P. Tower 3 (Phayathai)								
<u>Location:</u>	34 Phayathai Road, Thung Phayathai Ratchathewi, Bangkok 10400	4-0-0 rai or 29,656 sq.m.	872,726,607	718,000,000	7.45	872,726,607	797,000,000	8.00
Total investments in leasehold rights to properties			9,767,639,492	8,940,000,000	92.81	9,760,155,942	9,363,000,000	94.00

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

C.P. Tower Growth Leasehold Property Fund

Detail of Investments (continued)

As at 31 December 2023 and 2022

Details of investments classified by asset classes.

Type of investments	Maturity date	Interest rate (%)	2023			2022		
			Cost/		Percentage of investment	Cost/		Percentage of investment
			Amortised cost	Fair value ⁽¹⁾		Amortised cost	Fair value ⁽¹⁾	
			(Baht)	(Baht)		(Baht)	(Baht)	
Investments in securities								
Government bond								
Bank of Thailand 44/91/67	February 2024	-	490,090,928	490,071,105	5.09	-	-	-
Bank of Thailand 47/91/67	February 2024	-	199,426,657	199,426,090	2.07	-	-	-
Bank of Thailand 44/91/65	February 2023	-	-	-	-	394,636,718	394,638,446	3.96
Treasury Bills								
Treasury Bill 4/182/66	May 2023	-	-	-	-	200,020,448	200,143,307	2.01
Fixed accounts								
Krung Thai Bank Public Company Limited ⁽²⁾	February 2024	0.875	3,000,000	3,000,000	0.03	-	-	-
Krung Thai Bank Public Company Limited ⁽²⁾	February 2023	0.375	-	-	-	3,000,000	3,000,000	0.03
Total investments in securities			692,517,585	692,497,195	7.19	597,657,166	597,781,753	6.00
Total investments			10,460,157,077	9,632,497,195	100.00	10,357,813,108	9,960,781,753	100.00

⁽¹⁾ Excluding accrued interest receivables

⁽²⁾ Fixed deposits for electricity consumption guarantee

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

C.P. Tower Growth Leasehold Property Fund
Statements of comprehensive income
For the years ended 31 December 2023 and 2022

		(Unit: Baht)	
	Note	2023	2022
Investment revenues			
Rental and service income	13	1,276,286,702	1,174,966,351
Interest income		13,520,895	4,775,987
Other income		3,160,407	11,845,500
Total revenues		1,292,968,004	1,191,587,838
Expenses			
Cost of rental and services		411,998,563	362,607,698
Management fee	12.1, 13	13,071,764	13,295,545
Mutual fund supervisor fee	12.2, 13	1,851,371	1,902,252
Registrar fee	12.3, 13	2,000,977	2,055,914
Property management fee	12.4, 13	110,481,934	106,987,794
Professional fees		1,440,782	1,395,124
Administrative expenses		12,475,248	7,950,127
Total expenses		553,320,639	496,194,454
Profit from net investment		739,647,365	695,393,384
Details of net profit (loss) from investments			
Net profit from investments		-	-
Net loss from change in valuation of investments		(430,628,528)	(225,131,213)
Total net loss from investments		(430,628,528)	(225,131,213)
Increase in net assets from operations		309,018,837	470,262,171

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

C.P. Tower Growth Leasehold Property Fund
Statements of changes in net assets
For the years ended 31 December 2023 and 2022

			(Unit: Baht)
	Note	2023	2022
Increase in net assets from operations during years			
Net investment revenues		739,647,365	695,393,384
Net loss from value of investments		(430,628,528)	(225,131,213)
Increase in net assets from operations		309,018,837	470,262,171
Payment of investment unit value from capital reduction during the years	9	(222,796,800)	-
Distributions to unitholders	11	(448,301,200)	(643,055,000)
Decrease in net assets during the years		(362,079,163)	(172,792,829)
Net assets at beginning of the years		10,013,174,184	10,185,967,013
Net assets at end of the years		9,651,095,021	10,013,174,184

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

C.P. Tower Growth Leasehold Property Fund

Statements of cash flows

For the years ended 31 December 2023 and 2022

			(Unit: Baht)
	Note	2023	2022
Cash flows from operating activities			
Increase in net assets from operations		309,018,837	470,262,171
Adjustments to reconcile increase in net assets from operations to net cash provided by (used in) operating activities:			
Losses on revaluation of investments		430,628,528	225,131,213
Purchases of investments in leasehold rights to properties		(7,483,550)	(2,230,000)
Purchases of investments in securities		(1,969,239,091)	(1,983,992,570)
Sales of investments in securities		1,885,000,000	1,992,500,000
(Increase) decrease in receivables from rental and services		(17,851,318)	31,446,266
Increase in receivables from interest		(4,232)	(19,510)
Increase in deferred costs to obtain contracts		(29,822,315)	(12,922,017)
Decrease in other current assets		28,391	1,483,471
Increase (decrease) in other payables		4,436,440	(11,762,468)
Decrease in accrued expenses		(7,086,315)	(13,877,813)
Increase (decrease) in payable to the Revenue Department		(649,127)	91,674
Increase (decrease) in unearned income		745,374	(987,463)
Increase (decrease) in guarantee deposits received from customers		7,759,094	(10,824,518)
Amortisation of deferred costs to obtain contracts		18,752,444	19,463,166
Amortisation of discounts on investments in government bonds and treasury bills		(10,621,328)	(3,758,741)
Net cash provided by operating activities		613,611,832	700,002,861
Cash flows from financing activities			
Payment of investment unit value from capital reduction during the years	9	(222,796,800)	-
Distribution to unitholders	11	(448,301,200)	(643,055,000)
Net cash used in financing activities		(671,098,000)	(643,055,000)
Net increase (decrease) in cash and cash at banks		(57,486,168)	56,947,861
Cash and cash at banks at the beginning of years		399,868,383	342,920,522
Cash and cash at banks at the end of years	7	342,382,215	399,868,383

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

C.P. Tower Growth Leasehold Property Fund

Notes to financial statements

For the years ended 31 December 2023 and 2022

1. General information

1.1 Description of C.P. Tower Growth Leasehold Property Fund

C.P. Tower Growth Leasehold Property Fund ("the Fund") is a specific closed-end property fund with specific properties to be purchased or leased as stated in the Fund's prospectus. The Fund was established and registered as a mutual fund on 2 December 2013 with 30-year project life from the date that the Fund has initially invested. The Fund's objectives are to raise funds from general investors and to use the proceeds from such fundraising for lease of and seek benefits from those properties. The Fund will also improve, modify, develop and/or dispose immovable properties the Fund invests in or acquires by way of letting, subletting and/or disposing or other process, with the aim of generating income and returns for the Fund and its unitholders. This includes investment in other properties and/or securities and/or seeks interest by any other means as prescribed by securities laws and/or other relevant laws.

On 16 December 2013, the Stock Exchange of Thailand approved the listing of the Fund's investment units and permitted their trading from 16 December 2013 onwards.

The Fund is managed by Krung Thai Asset Management Public Company Limited ("the Management Company"). Bank of Ayudhaya Public Company Limited acts as the Mutual fund supervisor and C.P. Land Public Company Limited acts as the Property Manager.

As at 31 December 2023, C.P. Land Public Company Limited, Social Security Office and Krung Thai Bank Public Company Limited are the major unitholders, holding 31.16%, 10.31% and 9.77%, respectively, of the Fund (31 December 2022: 31.16%, 10.20% and 9.77%, respectively).

2. Dividend/capital reduction policies

2.1 Dividend payment

The Fund has a policy to pay dividends to unitholders no more than four times annually, provided that:

- (1) In the event that the Fund has net profit in any accounting period, the Fund shall distribute dividend to unitholders for not less than 90% of the net profit after deducting unrealised gain on revaluation or valuation review of the properties or leasehold rights to the properties in that accounting period, including other adjustments according to the Notification of the Office of the Securities and Exchange Commission to be in line with the Fund's liquidity status.
- (2) In the event that the Fund has retained earnings in any accounting period, the Fund may pay dividends to the unitholders from the retained earnings.

For the distribution of dividend per (1), the distribution must not increase the Fund's retained deficit for the accounting period in which dividends are distributed.

In considering the dividend payment, if the value of interim dividend per investment unit to be distributed is less than or equal to Baht 0.10 per unit, the Fund reserves the right not to pay those dividends and carries forward those dividends to be paid together with the dividends for the fiscal year-end.

2.2 Capital reduction

- (1) Where the Fund has excess liquidity resulting from one or more of the following, the Fund may pay the excess liquidity to the unitholders by reducing the registered capital of the Fund.
 - a) The disposal of properties or leasehold rights to properties
 - b) The value of properties or the leasehold rights to properties decreases from the appraised value or from the reviewed appraisal value, and/or
 - c) From gradually amortised deferred charge.
- (2) The Fund reserves the right to exercise judgement in reduction of its registered capital.

3. Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Accounting Guidance for Property Funds, Real Estate Investment Trusts, Infrastructure Funds and Infrastructure Trusts issued by the Association of Investment Management Companies and approved by the Securities and Exchange Commission of Thailand.

This Accounting Guidance stipulates that the entity adopting the guidance not refer to other financial reporting standards promulgated by the Federation of Accounting Professions of Thailand ("TFAC") in respect of matters covered by the Accounting Guidance, while for those matters not covered by the Accounting Guidance, the entity is to follow the financial reporting standards issued by TFAC that are effective in that financial reporting period. In addition, it also stipulates rules regarding the classification and measurement of various transactions and balances, including investment properties, leases, consolidated financial statements, revenue and expenses, as well as financial instruments. It requires all financial assets to be measured at fair value through profit or loss and that the costs attributable to issuing equity be deducted from owners' equity. In addition, the Accounting Guidance specifies the components of the financial statements and their presentation format, as well as the notes to the financial statements.

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

4. Significant accounting policies

4.1 Revenues and expenses

Rental and services income is recognised as revenue on a straight line basis over the lease term.

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

Expenses are recognised on an accrual basis.

4.2 Financial instruments

Classification and measurement

All financial assets are classified, at initial recognition, as financial assets measured at fair value through profit or loss subsequently. Transaction costs directly attributable to the acquisition are recognised in profit or loss when it occurs.

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

At initial recognition, the Fund's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Fund takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Write-off

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.3 Investments in leasehold rights to properties

All immovable properties and fixed assets purchased and/or invested in by the Fund, including leasehold land, building, systems, tools, equipment, and other related assets to be used in the operation of business, are recorded as investments in leasehold rights to properties.

Investments in leasehold rights to properties are presented at fair value with no depreciation charge. There is no market price that could be used to apply a comparative approach, and the Fund's management therefore measured their fair value as at the first reporting date at the acquisition cost of such investments, and will remeasure them at subsequent reporting dates at fair value.

Regarding the fair value of the investments, the Fund will refer to the appraisal value assessed by an independent appraiser, approved by the Thai Valuer Association and the Valuers Association of Thailand (Pursuant to the Notification of the Securities and Exchange Commission concerning the granting of approval of valuation companies and principle valuers for public use). Valuation will be made when economic conditions change, but at least every two years, commencing from the date of the appraisal made for the purposes of purchasing or leasing the immovable properties. In addition, the valuation will be reviewed one year after the latest valuation date.

Gains or losses on measurement of such investments (if any) are presented as net profit or loss from investments in the statements of income.

4.4 Cash and cash equivalents

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

4.5 Deferred cost to obtain contracts

The Fund has recognised commission paid to obtain contracts with customers as assets and amortised to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss will be recognised to the extent that the carrying amounts of assets recognised exceed the remaining amounts of consideration that the Fund expects to receive less direct costs.

4.6 Related party transactions

Related parties of the Fund comprise enterprises or individuals that control, or are controlled by, the Fund, whether directly or indirectly, or which are under common control with the Fund.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Fund that gives them significant influence over the Fund, the Management Company, key management personnel, directors, and officers of the Management Company with authority in making planning and operating decisions.

The details of relationship of the related parties are as following:

Company's Name	Relationship
C.P. Land Public Company Limited	- The Property Manager and major unitholder, who holds 31.16%
Charoen Pokphand's group	- Shareholders or directors or the management group are in the same group of C.P. Land Public Company Limited
Krung Thai Bank Public Company Limited	- The parent company of Krung Thai Asset Management Public Company Limited
Krung Thai Asset Management Public Company Limited	- The Management Company and the Registrar
Bank of Ayudhaya Public Company Limited	- The Mutual fund supervisor

4.7 Distribution to unitholders

A decrease in retained earnings is recognised as at the date a cash dividend is declared.

4.8 Income taxes

The Fund has duty to pay corporate income tax on taxable income under section 40 (4) (a) of the Revenue Code at the rate of 15% of revenue before deduction of any expenses with the effective date as from 20 August 2019.

4.9 Fair value measurement

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

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

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

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

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

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

4.10 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Financial Reporting Standards at times requires the Fund's management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. The Fund's management has significant accounting judgements and estimates in the fair value of investments in leasehold rights to properties that is based on fair value assessed by an independent appraiser, as described in Note 4.3 to the financial statements and key assumptions used in estimating such fair value are described in Note 6 to the financial statements.

5. Investments at fair value through profit or loss

Movements of investments at fair value through profit or loss during the years ended 31 December 2023 and 2022, were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Balances - beginning of the years	597,782	602,432
Purchase	1,969,239	1,983,993
Sales	(1,885,000)	(1,992,500)
Recognition of amortisation of discounts on investments in government bonds and treasury bills	10,621	3,758
Gains (losses) on revaluation of investments	(145)	99
Balances - end of the years	692,497	597,782

6. Investments in leasehold rights to properties

Investments in leasehold rights to properties as at 31 December 2023 and 2022 were as follow:

	(Unit: Thousand Baht)			
	31 December 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
C.P. Tower 1 (Silom)	4,062,580	3,929,000	4,062,580	3,883,000
C.P. Tower 2 (Fortune Town)	4,832,333	4,293,000	4,824,849	4,683,000
C.P. Tower 3 (Phayathai)	872,727	718,000	872,727	797,000
Investments in leasehold rights to properties	9,767,640	8,940,000	9,760,156	9,363,000

Reconciliations of carrying values of investments in leasehold rights to properties were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2023	2022
Investments in leasehold rights to properties at beginning of the years	9,363,000	9,586,000
Increase	7,484	2,230
Losses from change in fair values	(430,484)	(225,230)
Investments in leasehold rights to properties at end of the years	8,940,000	9,363,000

The Fund presented investments in leasehold rights to properties at fair value, which were determined based on valuations performed by an independent appraiser, using the income approach. The main assumptions used in valuation are rental and service rates, occupancy rates, discount rates, and growth rate.

Key assumptions used fair value calculation were summarised below:

	2023	2022	Impact to fair value when the assumption increases
Occupancy rate (%)	75 - 97	70 - 95	Increase in fair value
Discount rate (%)	10	10	Decrease in fair value
Growth rate (% per annum)	3	3	Increase in fair value
Monthly rental and service rate (Baht per Square Metre)	490 - 1,180	535 - 1,150	Increase in fair value

7. Cash and cash at banks

As at 31 December 2023 and 2022, the details of cash and cash at banks were as follows:

Banks	Principal (Thousand Baht)		Interest rate per annum (Percent)	
	31 December		31 December	
	2023	2022	2023	2022
Petty cash	263	123	-	-
Savings accounts				
Bank of Ayudhaya Public Company Limited	34,908	47,727	0.500	0.200
Bangkok Bank Public Company Limited	90,925	74,777	0.600	0.350
The Siam Commercial Bank Public Company Limited	11,585	9,406	0.550	0.250
United Overseas Bank (Thai) Public Company Limited	204,696	267,831	1.150	0.500
Current accounts				
Bank of Ayudhaya Public Company Limited	5	4	-	-
Total cash and cash at banks	342,382	399,868		

8. Receivables from rental and services

The outstanding balances of receivables from rental and services as at 31 December 2023 and 2022 were aged on the basis of due dates as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
<u>Aged on the basis of due dates</u>		
Not yet due	13,907	11,954
Past due		
Up to 3 months	42,481	28,069
3 - 6 months	1,599	1,159
Over 6 months	2,600	1,554
Total	60,587	42,736
Less: Allowance for expected credit losses	(627)	(627)
Receivables from rental and services - net	59,960	42,109

9. Registered capital

Movements of the investment units and capital from unitholders during the year ended 31 December 2023 are summarised below:

	Number of units (Thousand unit)	Value per unit (Baht)	Registered capital (Thousand Baht)
Beginning balance as at 1 January 2023	967,000	10.0842	9,751,421
Capital return payment on 19 June 2023	-	(0.0569)	(55,022)
Capital return payment on 19 September 2023	-	(0.1735)	(167,774)
Ending balance as at 31 December 2023	967,000	9.8538	9,528,625

On 19 May 2023, the Fund had the announcement to return excess liquidity to the unitholders by returning capital by reducing the value of investment units at the rate of Baht 0.0569 per unit. The Fund had distributed cash from the capital reduction to unitholders on 19 June 2023.

On 22 August 2023, the Fund had the announcement to return excess liquidity to the unitholders by returning capital by reducing the value of investment units at the rate of Baht 0.1735 per unit. The Fund had distributed cash from the capital reduction to unitholders on 19 September 2023.

After the capital return payments, the par value is Baht 9.8538 per unit.

10. Retained earnings

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Retained earnings at beginning of the years	261,753	434,546
Profit from net investment	739,647	695,393
Net gain from investments	-	-
Net loss from change in valuation of investments	(430,629)	(225,131)
Distributions to unitholders during the years	(448,301)	(643,055)
Retained earnings at end of the years	122,470	261,753

11. Distribution to unitholders

The Investment Committee approved dividends during the years ended 31 December 2023 and 2022 as follows:

Details of dividends during the year ended 31 December 2023 were as follows:

No	Performance periods	Approval date	Closing dates of the unitholder's register book	Payment date	Per unit	Total amounts (Thousand Baht)
					(Baht)	Baht)
1	1 October 2022 - 31 December 2022	20 February 2023	2 March 2023	21 March 2023	0.1615	156,171
2	1 January 2023 - 31 March 2023	19 May 2023	2 June 2023	19 June 2023	0.1185	114,589
3	1 July 2023 - 30 September 2023	17 November 2023	1 December 2023	19 December 2023	0.1836	177,541
					<u>0.4636</u>	<u>448,301</u>

Details of dividends during the year ended 31 December 2022 were as follows:

No	Performance periods	Approval date	Closing dates of the unitholder's register book	Payment date	Per unit	Total amounts (Thousand Baht)
					(Baht)	Baht)
1	1 October 2021 - 31 December 2022	21 February 2022	7 March 2022	21 March 2022	0.1590	153,753
2	1 January 2022 - 31 March 2022	19 May 2022	2 June 2022	17 June 2022	0.1900	183,730
3	1 April 2022 - 30 June 2022	16 August 2022	30 August 2022	14 September 2022	0.1500	145,050
4	1 July 2022 - 30 September 2022	17 November 2022	1 December 2022	19 December 2022	0.1660	160,522
					<u>0.6650</u>	<u>643,055</u>

12. Expenses

12.1 Management fee

The Management Company is entitled to receive a monthly management fee from the Fund at the rate not exceeding 1.00% per annum (exclusive of value added tax, specific business tax or any other similar taxes) of the Fund's net asset value as calculated by the Management Company and verified by the Mutual fund supervisor.

12.2 Mutual fund supervisor fee

The mutual fund supervisor is entitled to receive a monthly remuneration at the rate not exceeding 0.10% per annum (exclusive of value added tax, specific business tax or any other similar taxes) of the Fund's net asset value as calculated by the Management Company and verified by the Mutual fund supervisor. The foregoing does not include other expenses as actually incurred such as the expenses for the inspection of assets of the Fund.

12.3 Registrar fee

The expenses for the work of the Investment Unit Registrar shall be at the rate not exceeding 0.10% per annum (exclusive of value added tax, specific business tax or any other similar taxes) of the Fund's net asset value as calculated by the Management Company and verified by the Mutual fund supervisor.

12.4 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 are summarized as follows (the rate excludes value added tax, specific business tax or any other similar taxes):

- (1) Fee for rental collection on behalf of the Fund at the rate of 3.50% per annum of the monthly total property income. Total property income includes income from parking services, income from sales promotion, income from kiosk, and income from gas, and excludes interest income, land and property tax income received from customers, and utilities income. This is calculated and charged on a monthly basis.
- (2) Fee for utilities management is calculated at the rate of 0.50% per annum of the monthly income from utilities services. This is calculated and charged on a monthly basis.
- (3) Property management fee is calculated at the rate of 0.30% per annum of the Fund's net asset value calculated as at the last day of previous month. This is calculated and charged on a monthly basis.

- (4) Incentive fee for the Property Manager is calculated and charged on a monthly basis at the rate of 2.35% per annum of the net property income. Net property income means all revenues derived from properties (exclusive of interest income, revenue from land and property tax collected from lessee, revenue from electricity and water supply provision) deducted by cost and all expenses incurred from procuring benefits from the property. Such expenses do not include the fees stated in (1), (2), (3) and land and property tax.
- (5) 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 agreement is calculated at the rate of 0.5 to 1.0 times of the monthly rental fees, depending on the type and terms of lease agreements.
- (6) Overseeing work, fee is charged at a rate of 2.00% of renovation cost approved by the Fund based on the actual cost. The fee does not include the building maintenance and costs of assets purchased under normal course of operation.

13. Related party transactions

During the years ended 31 December 2023 and 2022, the Fund had significant business transactions with its related parties, which have been agreed upon in the ordinary course of business between the Fund and its related parties. The pricing policies and amount for particular type of transactions are as follows:

	For the years ended 31 December		(Unit: Thousand Baht)
	2023	2022	Pricing policy
Krung Thai Asset Management Public Company Limited			
Management fee	13,072	13,296	As detailed in Note 12.1
Registrar fee	2,001	2,056	As detailed in Note 12.3
Bank of Ayudhaya Public Company Limited			
Rental and services income	5,638	5,272	Contractually agreed prices
Mutual fund supervisor fee	1,851	1,902	As detailed in Note 12.2
C.P. Land Public Company Limited			
Rental and services income	13,290	9,508	Contractually agreed prices
Property management fee	110,482	106,988	As detailed in Note 12.4
Charoen Pokphand's group			
Rental and services income	646,804	624,897	Contractually agreed prices
Krung Thai Bank Public Company Limited			
Rental and services income	1,622	1,428	Contractually agreed prices

As at 31 December 2023 and 2022, the Fund had the following significant outstanding balances with its related parties.

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Krung Thai Asset Management Public Company Limited		
Accrued management fee ⁽¹⁾	1,150	1,182
Accrued registrar fee ⁽¹⁾	175	182
Bank of Ayudhaya Public Company Limited		
Cash at banks	34,913	47,714
Receivables form rental and services	21	-
Other payables	139	-
Accrued mutual fund supervisor fee ⁽¹⁾	162	168
Guarantee deposits received from customers	1,221	1,389
C.P. Land Public Company Limited		
Receivables from rental and services	1,232	326
Accrued property management fee ⁽¹⁾	9,471	8,439
Guarantee deposits received from customers	2,626	2,854
Charoen Pokphand's group		
Receivables from rental and services	25,324	16,438
Other payables	243	691
Unearned income	18,379	17,994
Guarantee deposits received from customers	127,912	121,945
Krung Thai Bank Public Company Limited		
Investments in securities - fixed accounts	3,000	3,000
Receivables from rental and services	8	-
Guarantee deposits received from customers	379	374

⁽¹⁾ Presented as a part of "Accrued expenses" in the statements of financial position

14. Information on investment purchase and sales transactions

During the years ended 31 December 2023 and 2022, the Fund had investment purchase and sales transactions, excluding investments in cash at bank, totaling Baht 3,848 million and Baht 3,970 million, which represented 32.27% and 39.52%, of the net asset averaged values during the years.

15. Commitments

15.1 Capital commitments

As at 31 December 2023, the Fund had commitments of Baht 3 million in respect of property renovation agreements and as at 31 December 2022, the Fund had no commitments in respect of property renovation agreements.

15.2 Service agreement commitments

15.2.1 As at 31 December 2023 and 2022, the Fund was committed to pay fees to counterparties under the terms and conditions as specified in Note 12 to the financial statements.

15.2.2 As at 31 December 2023 and 2022, the Fund had a commitment in respect of payments in accordance with the service agreements as follows:

	(Unit: Thousand Baht)	
	31 December 2023	31 December 2022
Up to 1 year	47,443	73,511
1 - 5 years	28,010	15,118
Total	75,453	88,629

15.3 Guarantees

As at 31 December 2023 and 2022, the Fund had outstanding bank guarantees of approximately Baht 38 million and Baht 38 million, respectively, issued by a bank on behalf of the Fund to a government agency for electricity consumption guarantee and the Fund placed fixed deposit of Baht 3 million and Baht 3 million, respectively, as collateral against such guarantee.

16. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The one main reportable operating segment of the Fund is lease of property investments and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the years ended 31 December 2023 and 2022, the Fund had rental and service income of Baht 646 million and Baht 628 million, respectively, which represented 52% and 53% of the Fund's total revenues respectively, generated from a group of customers.

17. Financial risk management objectives and policies

The Fund's financial instruments principally comprise investments at fair value through profit or loss, cash and cash at banks, receivables from rental and service, receivables from interest, other payables, accrued expenses and guarantee deposits received from customers. The financial risks associated with these financial instruments and how they are managed is described below.

17.1 Credit risk

The Fund is exposed to credit risk primarily with respect to investments at fair value through profit or loss, cash and cash at banks, receivables from rental and service, and receivables from interest. The maximum exposure to credit risk is stated in the statement of financial position.

Receivables from rental and services

The Fund manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, outstanding receivables from rental and services are regularly monitored. Receivables from rental and services (except for those receivable from related parties) do not have high concentration of credit risk since the Fund has a large retail customer base.

Investments at fair value through profit or loss and cash at banks

The Fund manages credit risk on bank deposits by making investments only with approved counterparties.

The credit risk on debt instruments is limited because the Fund invests in government bonds with high credit-ratings assigned by international credit-rating agencies.

17.2 Market risk

The Fund has market risk relating to interest rate risk that the Fund manages its risk exposure as follows.

17.2.1 Interest rate risk

The Fund's exposure to interest rate risk relates primarily to its investments at fair value through profit or loss, cash and cash equivalents and receivables from rental and services. However, since most of the Fund's financial assets bear floating interest rates and were short-terms, the interest rate risk is expected to be low.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

	(Unit: Thousand Baht)				
	Outstanding balance of financial instruments as at 31 December 2023				Effective
	Floating	Fixed interest			interest rate
	interest rate	rates	No interest rate	Total	(% p.a.)
Financial assets					
Investments at fair value through profit or loss	3,000	-	689,497	692,497	0.875
Cash and cash at banks	-	342,114	268	342,382	0.5 - 1.15
Receivables from rental and services	-	-	59,960	59,960	-
Financial liabilities					
Guarantee deposits received from customers	-	-	276,953	276,953	-

	(Unit: Thousand Baht)				
	Outstanding balance of financial instruments as at 31 December 2022				Effective
	Floating	Fixed interest			interest rate
	interest rate	rates	No interest rate	Total	(% p.a.)
Financial assets					
Investments at fair value through profit or loss	3,000	-	594,782	597,782	0.375
Cash and cash at banks	-	396,661	3,207	399,868	0.20 - 0.50
Receivables from rental and services	-	-	42,109	42,109	-
Financial liabilities					
Guarantee deposits received from customers	-	-	269,194	269,194	-

17.2.2 Market price risk

The Fund does not have market price risk because the Fund has no investments in listed securities.

17.3 Liquidity risk

Liquidity risk is the risk that the Fund will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The Fund manages liquidity risk through monitoring and planning of their cash flows in order to ensure that they will have sufficient funds for their operations.

The table below summarises the maturity profile of financial instruments as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	31 December 2023					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Investments at fair value through profit or loss	-	692,497	-	-	-	692,497
Cash and cash at banks	342,382	-	-	-	-	342,382
Receivables from rental and service	46,053	13,907	-	-	-	59,960
Financial liabilities						
Guarantee deposits received from customers	-	-	276,953	-	-	276,953

(Unit: Thousand Baht)

	31 December 2022					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Investments at fair value through profit or loss	-	597,782	-	-	-	597,782
Cash and cash at banks	399,868	-	-	-	-	399,868
Receivables from rental and service	30,155	11,954	-	-	-	42,109
Financial liabilities						
Guarantee deposits received from customers	-	-	269,194	-	-	269,194

18. Information relating to hierarchy and methods in fair value measurement of financial instruments

The majority of the Fund's financial assets were investments in leasehold rights to properties, which were stated at fair value as described in Note 4.3 to the financial statements and the majority of financial liabilities were short-term or have floating interest rates in nature. The Fund therefore estimated the carrying values of financial assets and liabilities to be not materially different from their fair values.

The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

As at 31 December 2023 and 2022, the Fund had assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments at fair value through profit or loss	3,000	689,497	-	692,497
Investments in leasehold rights to properties at fair value	-	-	8,940,000	8,940,000

(Unit: Thousand Baht)

	31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments at fair value through profit or loss	3,000	594,782	-	597,782
Investments in leasehold rights to properties at fair value	-	-	9,363,000	9,363,000

The methods and assumptions used by the Fund in estimating the fair value of financial instrument are as follows:

- a) The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association, except for the fair value of debt instruments that have original maturity period of less than 90 days and have no renewal option is approximated to amortised cost.
- b) Investments in leasehold rights to properties at fair value are determined as described in Note 6 to the financial statements.

During the current year, there were no transfers within the fair value hierarchy.

19. Capital management

The primary objectives of the Fund's capital management are to maintain its ability to continue as a going concern and to maintain an appropriate capital structure in order to provide returns for unitholders in accordance with the Fund's establishment objective.

20. Approval of financial statements

These financial statements were authorised for issue by the authorised persons of the Management Company on 15 February 2024.