

C.P. Tower Growth Leasehold Property Fund
Report and financial statements
31 December 2022

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 2022, 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 2022, 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 2022, the Fund recognised rental and service income of Baht 1,175 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.

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Fair value of investments in leasehold rights to properties

As at 31 December 2022, the Fund had investments in leasehold rights to properties measured at fair value of Baht 9,363 million, representing 90% 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.

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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.

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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. *K*

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.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
Bangkok: 15 February 2023

C.P. Tower Growth Leasehold Property Fund**Statements of financial position****As at 31 December 2022 and 2021**

		(Unit: Baht)	
	Note	2022	2021
Assets			
Investments measured at fair value through profit or loss			
(At cost as at 31 December 2022: Baht 597,657,166 and 31 December 2021: Baht 602,405,855)	5, 12	597,781,753	602,431,655
Investments in leasehold rights to properties at fair value			
(At cost as at 31 December 2022: Baht 9,760,155,942 and 31 December 2021: Baht 9,757,925,942)	6	9,363,000,000	9,586,000,000
Cash and cash at banks	7, 12	399,868,383	342,920,522
Receivables			
From rental and services	8, 12	42,108,870	73,555,136
From interest		30,984	11,474
Deferred costs to obtain contracts		17,181,124	23,722,273
Other current assets		9,161,799	10,645,270
Total assets		10,429,132,913	10,639,286,330

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

C.P. Tower Growth Leasehold Property Fund

Statements of financial position (continued)

As at 31 December 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Liabilities			
Other payables	12	56,448,522	68,210,990
Accrued expenses	12	66,505,915	80,383,728
Payable to the Revenue Department		2,506,868	2,415,194
Unearned income	12	21,303,491	22,290,954
Gurantee deposits received from customers	12	269,193,933	280,018,451
Total liabilities		415,958,729	453,319,317
Net assets		10,013,174,184	10,185,967,013
Net assets:			
Fund registered			
967,000,000 units of Baht 10.0842 each		9,751,421,400	9,751,421,400
Capital from unitholders			
967,000,000 units of Baht 10.0842 each		9,751,421,400	9,751,421,400
Retained earnings	9	261,752,784	434,545,613
Net assets		10,013,174,184	10,185,967,013
 Net asset value per unit (Baht)		 10.3548	 10.5335
 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.

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C.P. Tower Growth Leasehold Property Fund

Detail of investments

As at 31 December 2022 and 2021

Details of investments classified by asset classes.

Type of investments	Areas leased by the Fund	2022			2021		
		Cost (Baht)	Fair value (Baht)	Percentage of investment	Cost (Baht)	Fair value (Baht)	Percentage of investment
Investments in leasehold rights to properties (Note 6)							
C.P. Tower 1 (Silom)							
Location:	Silom Road, Bangrak, Bangkok 10500	4,062,579,942	3,883,000,000	38.98	4,061,249,942	3,994,000,000	39.20
C.P. Tower 2 (Fortune Town)							
Location:	Ratchadaphisek Road, Dindaeng, Bangkok 10400	4,824,849,393	4,683,000,000	47.02	4,823,949,393	4,700,000,000	46.13
C.P. Tower 3 (Phayathai)							
Location:	34 Phayathai Road, Thung Phayathai Ratchathewi, Bangkok 10400	872,726,607	797,000,000	8.00	872,726,607	892,000,000	8.76
Total investments in leasehold rights to properties		9,760,155,942	9,363,000,000	94.00	9,757,925,942	9,586,000,000	94.09

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

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C.P. Tower Growth Leasehold Property Fund

Detail of Investments (continued)

As at 31 December 2022 and 2021

Details of investments classified by asset classes.

Type of investments	Maturity date	Interest rate	2022		Percentage of investment	2021	
			Cost/			Amortised cost	Fair value ⁽¹⁾
			(Baht)	(Baht)			
Investments in securities							
Government bond							
Bank of Thailand 44/91/65	February 2023	-	394,636,718	394,638,446	3.96	-	-
Bank of Thailand 44/91/64	February 2022	-	-	-	-	395,829,116	395,826,433
Treasury Bills							
Treasury Bill 4/182/66	May 2023	-	200,020,448	200,143,307	2.01	-	-
Treasury Bill 4/182/65	May 2022	-	-	-	-	203,576,739	203,605,222
Fixed accounts							
Krung Thai Bank Public Company Limited ⁽²⁾	February 2023	0.375	3,000,000	3,000,000	0.03	-	-
Krung Thai Bank Public Company Limited ⁽²⁾	February 2022	0.375	-	-	-	3,000,000	0.03
Total investments in securities							
			597,657,166	597,781,753	6.00	602,405,855	5.91
Total investments							
			10,357,813,108	9,960,781,753	100.00	10,360,331,797	100.00

⁽¹⁾ Excluding accrued interest income

⁽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 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Investment revenues			
Rental and service income	12	1,174,966,351	1,026,654,742
Interest income		4,775,987	2,853,347
Other income		11,845,500	19,427,068
Total revenues		1,191,587,838	1,048,935,157
Expenses			
Cost of rental and services		362,607,698	329,391,891
Management fee	11.1, 12	13,295,545	13,286,645
Trustee's fee	11.2, 12	1,902,252	1,908,847
Registrar fee	11.3, 12	2,055,914	2,063,031
Property management fee	11.4, 12	106,987,794	99,991,561
Professional fees		1,395,124	1,305,479
Administrative expenses		7,950,127	5,305,157
Total expenses		496,194,454	453,252,611
Net investment revenue		695,393,384	595,682,546
Net gains (losses) on investments			
Net realised gains on investments		-	-
Gains (losses) on revaluation of investments		(225,131,213)	80,734,658
Total realised and unrealised gain (losses) on investments		(225,131,213)	80,734,658
Increase in net assets from operations		470,262,171	676,417,204

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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 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Increase in net assets from operations during years			
Net investment revenues		695,393,384	595,682,546
Gains (losses) on revaluation of investments		(225,131,213)	80,734,658
Increase in net assets from operations		470,262,171	676,417,204
Distributions to unitholders	10	(643,055,000)	(562,794,000)
Increase (decrease) in net assets during the years		(172,792,829)	113,623,204
Net assets at beginning of the years		10,185,967,013	10,072,343,809
Net assets at end of the years		10,013,174,184	10,185,967,013

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 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Cash flows from operating activities			
Increase in net assets from operations		470,262,171	676,417,204
Adjustments to reconcile increase in net assets from operations to net cash provided by (used in) operating activities:			
(Gains) losses on revaluation of investments		225,131,213	(80,734,658)
Purchases of investments in leasehold rights to properties		(2,230,000)	(37,300,000)
Purchases of investments in securities		(1,983,992,570)	(2,370,381,616)
Sales of investments in securities		1,992,500,000	2,363,000,000
(Increase) decrease in receivables from rental and services		31,446,266	(12,632,102)
(Increase) decrease in receivables from interest		(19,510)	11,160
Increase in deferred costs to obtain contracts		(12,922,017)	(12,827,560)
Decrease in other current assets		1,483,471	1,542,756
Increases (decrease) in other payables		(11,762,468)	14,762,086
Increase (decrease) in accrued expenses		(13,877,813)	41,553,795
Increase (decrease) in payable to the Revenue Department		91,674	(3,461,398)
Increase (decrease) in unearned income		(987,463)	(29,954,674)
Decrease in guarantee deposits received from customers		(10,824,518)	(7,286,233)
Amortisation of deferred costs to obtain contracts		19,463,166	19,916,592
Amortisation of discounts on investments in government bonds and treasury bills		(3,758,741)	(2,287,528)
Net cash provided by operating activities		700,002,861	560,337,824
Cash flows from financing activities			
Distribution to unitholders	10	(643,055,000)	(562,794,000)
Net cash used in financing activities		(643,055,000)	(562,794,000)
Net increase (decrease) in cash and cash at banks		56,947,861	(2,456,176)
Cash and cash at banks at the beginning of years		342,920,522	345,376,698
Cash and cash at banks at the end of years	7	399,868,383	342,920,522

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

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C.P. Tower Growth Leasehold Property Fund
Notes to financial statements
For the years ended 31 December 2022 and 2021

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 Trustee and C.P. Land Public Company Limited acts as the Property Manager.

As at 31 December 2022, C.P. Land Public Company Limited, Social Security Office and Krung Thai Bank Public Company Limited are the major unitholders, holding 31.16%, 10.20% and 9.77%, respectively, of the Fund (31 December 2021: 31.16%, 9.77% and 9.77%, respectively).

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the Fund’s rental and services income from certain impacted group of customers. The Fund’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the income and will record the impact in the future when the rental and services fees are reduced. However, in consideration of the value of investments in leasehold rights to properties, it is described in Note 6 to the financial statements.

2. Dividend policy

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 unrealised gains or losses 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 Trustee

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 2022 and 2021, were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the years	602,432	592,728
Purchase	1,983,993	2,370,382
Sales	(1,992,500)	(2,363,000)
Recognition of amortisation of discounts on investments in government bonds and treasury bills	3,758	2,287
Gains on revaluation of investments	99	35
Balances - end of the years	597,782	602,432

6. Investments in leasehold rights to properties

Investments in leasehold rights to properties as at 31 December 2022 and 2021 were as follow:

	(Unit: Thousand Baht)			
	31 December 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
C.P. Tower 1 (Silom)	4,062,580	3,883,000	4,061,250	3,994,000
C.P. Tower 2 (Fortune Town)	4,824,849	4,683,000	4,823,949	4,700,000
C.P. Tower 3 (Phayathai)	872,727	797,000	872,727	892,000
Investments in leasehold rights to properties	9,760,156	9,363,000	9,757,926	9,586,000

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

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2022	2021
Balances - beginning of the years	9,586,000	9,468,000
Additions	2,230	37,300
Gains (losses) on revaluation of investments in leasehold rights to properties	(225,230)	80,700
Balances - end of the years	9,363,000	9,586,000

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:

	2022	2021	Impact to fair value when the assumption increases
Occupancy rate (%)	70 - 95	90 - 98	Increase in fair value
Discount rate (%)	10	10	Decrease in fair value
Growth rate (%)	3	3	Increase in fair value
Monthly rental and service rate (Baht per Square Metre)	535 - 1,150	500 - 1,150	Increase in fair value

7. Cash and cash at banks

As at 31 December 2022 and 2021, the details of cash and cash at banks were as follows:

Banks	Principal (Thousand Baht)		Interest rate per annum (Percent)	
	31 December		31 December	
	2022	2021	2022	2021
Petty cash	3,205	2,887	-	-
Savings accounts				
Bank of Ayudhaya Public Company Limited	44,646	20,579	0.200	0.100
Bangkok Bank Public Company Limited	74,777	30,071	0.350	0.125
The Siam Commercial Bank Public Company Limited	9,406	4,259	0.250	0.050
United Overseas Bank (Thai) Public Company Limited	267,832	285,122	0.500	0.150
Current accounts				
Bank of Ayudhaya Public Company Limited	2	2	-	-
Total cash and cash at banks	399,868	342,920		

8. Receivables from rental and services

The outstanding balances of receivables from rental and services as at 31 December 2022 and 2021 were aged on the basis of due dates as follows:

	(Unit: Thousand Baht)	
	31 December 2022	31 December 2021
<u>Aged on the basis of due dates</u>		
Not yet due	11,954	20,893
Past due		
Up to 3 months	28,069	41,916
3 - 6 months	1,159	6,545
Over 6 months	1,554	4,828
Total	42,736	74,182
Less: Allowance for expected credit losses	(627)	(627)
Receivables from rental and services - net	42,109	73,555

9. Retained earnings

	(Unit: Thousand Baht)	
	31 December 2022	31 December 2021
Accumulated net investment income	6,307,070	5,711,387
Accumulated net realised losses on investments	(13)	(13)
Accumulated net unrealised losses on investments	(167,791)	(248,526)
Less: Accumulated distribution to unitholders	(5,704,720)	(5,141,926)
Retained earnings at beginning of the years	434,546	320,922
Increase in net assets resulting from operations during years	470,262	676,418
Less: Distribution to unitholders during years	(643,055)	(562,794)
Retained earnings at end of the years	261,753	434,546

10. Distribution to unitholders

The Investment Committee approved dividends during the years ended 31 December 2022 and 2021 as follows:

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 (Baht)	Total amounts (Thousand Baht)
1	1 October 2021 - 31 December 2021	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>

Details of dividends during the year ended 31 December 2021 were as follows:

No	Performance periods	Approval date	Closing dates of the unitholder's register book	Payment date	Per unit (Baht)	Total amounts (Thousand Baht)
1	1 October 2020 - 31 December 2020	17 February 2021	3 March 2021	17 March 2021	0.1800	174,060
2	1 January 2021 - 31 March 2021	18 May 2021	1 June 2021	16 June 2021	0.1495	144,567
3	1 April 2021 - 30 June 2021	17 August 2021	31 August 2021	15 September 2021	0.1315	127,160
4	1 July 2021 - 30 September 2021	18 November 2021	2 December 2021	17 December 2021	0.1210	117,007
					<u>0.5820</u>	<u>562,794</u>

11. Expenses

11.1 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 Trustee.

11.2 Trustee fee

The Trustee 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 Trustee. The foregoing does not include other expenses as actually incurred such as the expenses for the inspection of assets of the Fund.

11.3 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 Trustee.

11.4 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.

12. Related party transactions

During the years ended 31 December 2022 and 2021, 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)
	2022	2021	Pricing policy
Krung Thai Asset Management Public Company Limited			
Management fee	13,296	13,287	As detailed in Note 11.1
Registrar fee	2,056	2,063	As detailed in Note 11.3
Bank of Ayudhaya Public Company Limited			
Rental and services income	5,272	3,700	Contractually agreed prices
Trustee fee	1,902	1,909	As detailed in Note 11.2
C.P. Land Public Company Limited			
Rental and services income	9,508	7,886	Contractually agreed prices
Property management fee	106,988	99,992	As detailed in Note 11.4
Charoen Pokphand's group			
Rental and services income	642,892	634,300	Contractually agreed prices
Krung Thai Bank Public Company Limited			
Rental and services income	1,428	976	Contractually agreed prices

As at 31 December 2022 and 2021, the Fund had the following significant outstanding balances with its related parties.

	(Unit: Thousand Baht)	
	31 December 2022	31 December 2021
Krung Thai Asset Management Public Company Limited		
Accrued management fee ⁽¹⁾	1,182	1,183
Accrued registrar fee ⁽¹⁾	182	185
Bank of Ayudhaya Public Company Limited		
Cash at banks	44,648	20,581
Accrued trustee fee ⁽¹⁾	168	171
Guarantee deposits received from customers	1,389	1,431
C.P. Land Public Company Limited		
Receivables from rental and services	326	148
Other payables	-	1
Accrued property management fee ⁽¹⁾	8,439	9,392
Guarantee deposits received from customers	2,854	1,630
Charoen Pokphand's group		
Receivables from rental and services	16,438	34,194
Guarantee deposits received from customers	691	2,921
Unearned income	17,994	18,673
Other payables	121,945	117,112
Krung Thai Bank Public Company Limited		
Investments in securities - fixed accounts	3,000	3,000
Guarantee deposits received from customers	-	6
Receivables from rental and services	374	374

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

13. Information on investment purchase and sales transactions

During the years ended 31 December 2022 and 2021, the Fund had investment purchase and sales transactions, excluding investments in cash at bank, totaling Baht 3,970 million and Baht 4,727 million, which represented 39.52% and 46.85%, of the net asset averaged values during the years.

14. Commitments

14.1 Capital commitments

As at 31 December 2022, the Fund had no commitments of in respect of property renovation agreements and as at 31 December 2021, the Fund had commitments of Baht 0.96 million in respect of property renovation agreements.

14.2 Service agreement commitments

14.2.1 As at 31 December 2022 and 2021, the Fund was committed to pay fees to counterparties under the terms and conditions as specified in Note 11 to the financial statements.

14.2.2 As at 31 December 2022 and 2021, the Fund had a commitment in respect of payments in accordance with the service agreements as follows:

	(Unit: Thousand Baht)	
	31 December 2022	31 December 2021
Up to 1 year	73,511	42,533
1 - 5 years	15,118	25,716
Total	88,629	68,249

14.3 Guarantees

As at 31 December 2022 and 2021, 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.

15. 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 2022 and 2021, the Fund had rental and service income of Baht 628 million and Baht 634 million, respectively, which represented 53% and 60% of the Fund's total revenues respectively, generated from a group of customers.

16. 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.

16.1 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.

16.2 Market risk

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

16.2.1 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 2022					
	Floating interest rate	Fixed interest rates	No interest rate	Total	Effective interest rate (% 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	-

(Unit: Thousand Baht)

Outstanding balance of financial instruments as at 31 December 2021					
	Floating interest rate	Fixed interest rates	No interest rate	Total	Effective interest rate (% p.a.)
Financial assets					
Investments at fair value through profit or loss	3,000	-	599,432	602,432	0.375
Cash and cash at banks	-	340,031	2,889	342,920	0.05 - 0.15
Receivables from rental and services	-	-	73,555	73,555	-
Financial liabilities					
Guarantee deposits received from customers	-	-	280,018	280,018	-

16.2.2 Market price risk

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

16.3 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 2022 and 2021 based on contractual undiscounted cash flows:

(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	11,954	30,155	-	-	-	42,109
Financial liabilities						
Guarantee deposits received from customers	-	-	269,194	-	-	269,194

(Unit: Thousand Baht)

	31 December 2021					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Investments at fair value through profit or loss	-	602,432	-	-	-	602,432
Cash and cash at banks	342,920	-	-	-	-	342,920
Receivables from rental and service	20,893	52,662	-	-	-	73,555
Financial liabilities						
Guarantee deposits received from customers	-	-	280,018	-	-	280,018

17. 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 2022 and 2021, the Fund had assets that were measured at fair value using different levels of inputs as follows:

(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

(Unit: Thousand Baht)				
31 December 2021				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments at fair value through profit or loss	3,000	599,432	-	602,432
Investments in leasehold rights to properties at fair value	-	-	9,586,000	9,586,000

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.

18. 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.

19. Approval of financial statements

These financial statements were authorised for issue by the authorised persons of the Management Company on 15 February 2023.