

MAJOR CINEPLEX LIFESTYLE LEASEHOLD PROPERTY FUND

FINANCIAL STATEMENTS

31 DECEMBER 2019

Independent Auditor's Report

To the Unitholders of Major Cineplex Lifestyle Leasehold Property Fund

My opinion

In my opinion, the financial statements of Major Cineplex Lifestyle Leasehold Property Fund (the Fund) present fairly, in all material respects, the statement of assets and liabilities of the Fund as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The accompanying financial statements of the Fund consolidated:

- the statement of assets and liabilities as at 31 December 2019;
- the details of investments as at 31 December 2019;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of significant financial information for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Fund in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 the matter that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of investment in properties. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of investment in properties</p> <p>Refer to Note to financial statements no. 4 (critical accounting estimates, assumptions and judgements) and no. 7 (investment in properties).</p> <p>As at 31 December 2019, the Fund's investment properties were presented at fair value of Baht 3,862 million and recognised the unrealised gain from revaluation of Baht 61 million under the Fund's Statement of Operations. The Fund's investment properties portfolio represented from property leasehold rights and benefit from such properties.</p> <p>Valuation are carried out at fair valued using "Income Approach" method by the independent appraiser.</p> <p>There are significant judgements and estimates relation to the valuation of the Fund's investment properties. The most significant judgements and estimates affecting the valuations were inclusive to growth rate of rental income, occupancy rate, estimated rental, other income and expenses, yield and estimated growth of business.</p> <p>I focused on this area because the low variability of significant judgement and estimation could result in material and direct effect to the operational performance in the Statements of Operations of the Fund.</p>	<p>I held discussions with Kasikorn Asset Management Company Limited ("the Management Company") and independent appraiser to understand the basis including key assumptions used for measurement of valuation of investment in properties.</p> <p>The independent appraiser was appointed by the Management Company. I assessed the competency, independence and objectivity of the independent appraiser by inquired concerning to their practice, scope of work and valuation method.</p> <p>I assessed the assumption and appropriateness of data inputs in the valuation of investment in properties, including growth rate of rental income, occupancy rate, current and future estimated rental, other income and expenses, rental areas, acquisitions and capital expenditure by checking with the supporting documentations and historical data.</p> <p>I checked the yield and estimated growth rates of the Fund's particular properties which were agreed to the comparable market information.</p> <p>As a result of all the above procedures performed, I viewed that Management Company judgements and estimates in relation to the valuation of investment in properties were properly applied within an acceptable range of reasonable estimates.</p>

Other information

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

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

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

When I read the annual report, If I conclude that there is a material misstatement therein, I am required to communicate the matter to the Management Company.

Responsibilities of Management Company for the financial statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as Management Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company 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 Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Management Company is 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 TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers ABAS Ltd.

Sinsiri Thangsombat
Certified Public Accountant (Thailand) No. 7352
Bangkok
14 February 2020