

**1. Business nature of Major Cineplex Lifestyle Leasehold Property Fund**

Major Cineplex Lifestyle Leasehold Property Fund (“the Fund”) is a closed-end property fund, set up for specific purpose. The Fund was established and registered as a fund on 26 June 2007 with no project life stipulated. The Fund is managed by Kasikorn Asset Management Company Limited (“the Management Company”), with its stated objective being to seek funds from investors, invest mostly in property or property leasehold rights and generate benefit from such property.

On 16 July 2007 the Stock Exchange of Thailand has approved the listing of the Fund’s units and permitted their trading on 18 July 2007.

Kasikorn Asset Management Co., Ltd. has been appointed to be the Management Company and Siam Commercial Bank Public Company Limited has been appointed to be the Trustee. Major Cineplex Group Public Company Limited acts as the Property Manager.

These financial statements have been approved by the management of the Management Company on 14 February 2020.

**2. Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission. In addition, the financial statements have been prepared under the basis and format as required by the Thai Accounting Standard No.106 “Accounting for Investment Companies”. The primary financial statements (i.e. statement of assets and liabilities, statements of operations, changes in net assets, cash flows and significant financial information and ratios) are prepared in the full format as required by the Securities and Exchange Commission.

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

**2. Accounting policies (Cont'd)**

**2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Fund**

**2.2.1 The Fund has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019**

**a) Thai Financial Reporting Standard no.15 (TFRS 15), *Revenue from contracts with customers***

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Fund will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, *Construction contracts*, TAS 18, *Revenue* and related interpretations.

The Fund has adopted the new Thai Financial Reporting Standards (TFRS) no. 15, *Revenue from contracts with customers* from 1 January 2019 under the modified retrospective approach and the comparative figures have not been restated. The Fund did apply practical expedient relates to completed contracts and contract modifications allowed by TFRS 15.

The adoption of TFRS 15 has no significant affects to the Fund's accounting treatment.

**b) Thai Accounting Standard no.40 (revised 2018), *Investment property***

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

**2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020**

Certain new and amended financial reporting standards have been issued that are not mandatory for current period end 31 December 2019 reporting period and have not been early adopted by the Fund.

**a) TFRS 16, *Leases***

Where the Fund is a lessee, TFRS 16, *Leases* will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

The Fund's management is currently assessing the impacts from these standards.

**2. Accounting policies (Cont'd)**

**2.3 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

**2.4 Investment valuation**

**Investment in properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Fund, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The Management Company measured their fair value as at first balance sheet date at the acquisition cost of the property. At the subsequent balance sheet dates they are presented at fair value which is based on appraisal value by independent valuers approved by the Securities and Exchange Commission. The Management Company will conduct appraisal of properties every two years from the date of the appraisal for purchase or lease of the properties and will conduct a review of appraisal every year after the date of the latest appraisal. The Management Company will not appoint any appraiser to appraise the property or leased property for more than 2 consecutive times.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

**Investment in securities**

Investment in securities are stated at fair value. The fair value is based on the latest yield-rate of debentures and bonds quoted on The Thai Bonds Market Association. The sequence of calculation methods are as follows:

- 1) Executed price or yield.
- 2) Average quoted price or yield, or firm quoted price or yield from Market Maker.
- 3) Price or yield calculated from the model.

**2. Accounting policies (Cont'd)**

**2.4 Investment valuation (Cont'd)**

**Investment in securities (Cont'd)**

Investments in bills of exchange, treasury bills, debentures and bonds with the maturity within 90 days are stated at fair value, using the yield-rate quoted on The Thai Bonds Market Association for the securities that have 90 days maturity leftover or the yield-rate from the acquisition of securities that have a maturity within 90 days from the date of investment.

Unrealised gains or losses from investment valuation are recognised in the statements of operations.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statements of operations. When disposing of part of the Fund's holding of a particular investment in debt securities, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investment.

**2.5 Rental receivable**

Rental receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debt are written-off during the year in which they are identified and recognised in statement of operation within the Fund's expenses.

**2.6 Deferred charges**

Deferred charges recognised as assets will be recognised as expense over the period of contracts through statement of operations.

**2.7 Revenues and expenses recognition**

Rental and service income and expenses are recognised on an accrual basis.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate and contract rate over the period to maturity, when it is determined that such income will accrue to the Fund.

**2.8 Income taxes**

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

### **3. Dividend payment policy**

It is the policy of the Fund to pay dividends to unitholders not more than 4 times per year, provided that:

1. if the Fund has net profits in each year, the Management Company shall pay not less than 90% of the net profits of the year as dividends to unitholders.
2. if the Fund has accumulated profits, the Management Company may pay dividends to unitholders out of the accumulated profits.

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

1. unrealised gains or losses from the appraisal of properties, securities and/or assets of the Fund;
2. the Fund's establishment and offering expenses (if any), which is booked as deferred expenses and amortised as expenses during the period expected to be benefited from such expenses.

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

The Management Company has amended the Fund project regarding criteria for dividend payment and capital reduction in accordance with the resolution of the unitholders. The amendment becomes effective since 9 June 2010 onwards. The amendment could be summarised as follows:

#### Dividend payment

Regulations and policy on and criteria for paying dividends to unitholders are as follows:

- 1) If the Fund has net profit in each year, the Management Company shall pay dividend to unitholders at the rate of no less than 90 percent of the net profit not including unrealised profit from appraisal or reviewed appraisal of real estate or leasehold rights to real estate for the said year.
- 2) If the Fund has accumulated profits, the Management Company may pay dividend to unitholders out of the accumulated profits. Provided that dividend payment under (1) shall not increase the Fund's accumulated loss for the accounting period when dividend is paid.

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

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

**3. Dividend payment policy (Cont'd)**

Capital reduction

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

If the Management Company intends to pay the excess liquidity to the unitholders, the Management Company will do so by reducing the registered capital of the Fund.

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

**4. Critical accounting estimates, assumptions and judgements**

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

**Investment in properties**

The fair value of investment in properties are carried based on valuations by independent valuers. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted which are at the rates 12% to 13% per annum.

**5. Capital risk management**

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

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

## 6. Fair value

### 6.1 Fair value estimate

The Fund uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

In applying the above-mentioned valuation techniques, the Fund endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Fund's assets that are measured at fair value at 31 December 2019.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
<b>Assets</b>				
Investment in securities				
- Bank of Thailand Bonds	-	37,820,921	-	37,820,921
Investment in properties	-	-	3,862,100,000	3,862,100,000
Total financial assets	-	37,820,921	3,862,100,000	3,899,920,921

The following table presents the Fund's assets that are measured at fair value at 31 December 2018.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
<b>Assets</b>				
Investment in securities				
- Bank of Thailand Bonds	-	66,099,006	-	66,099,006
Investment in properties	-	-	3,768,800,000	3,768,800,000
Total financial assets	-	66,099,006	3,768,800,000	3,834,899,006

There was no transfer between Levels during the year and there was no change in valuation techniques during the year.

### 6.2 Valuation techniques used to derive Level 2 fair values

Level 2 investment in securities comprise of Bank of Thailand Bonds. These investments of securities are fair valued based on quoted last bid price by reference to the yield curve of the Thai Bond Market Association at the close of business on the statements of Assets and Liabilities date.

6. Fair value (Cont'd)

6.3 Fair value measurements using significant unobservable inputs (Level 3)

	Investment in properties 31 December 2019 Baht
Opening balance at 1 January	3,768,800,000
Addition during the year	57,479,134
Write-off during the year	(25,225,928)
Unrealised gain during the year	61,046,794
Closing balance at 31 December	3,862,100,000
	Investment in properties 31 December 2018 Baht
Opening balance at 1 January	3,768,000,000
Addition during the year	7,327,042
Unrealised loss during the year	(6,527,042)
Closing balance at 31 December	3,768,800,000

There was no change in fair value estimation method during the year.

6.4 Valuation processes

The Management Company performs the valuations of assets required for financial reporting purposes, including Level 3 fair values. The appraiser reports directly to the Management Company. Review of valuation processes and results are held between the Management Company and Trustee which will evaluate in each quarter, in line with the Fund's quarterly reporting dates.

The main information that the appraiser use for fair value assessment Level 3 such as discounted cash flow was determined from the location of project, generated cash flow, competitive market and return rate with no risk. The appraiser applied 12% to 13% of discounted cash flow for assets that was measured by base on yield rate from government bond plus business risk, service, market and economy.

	Impact on fair value of investment properties		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Decrease by 8.6%	Increase by 10.3%
Occupancy rate	1%	Increase by 0.6%	Decrease by 0.6%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the fair value of investment properties to significant appraisal assumptions the same method (present value of the fair value of investment properties calculated at the end of the reporting period) has been applied as when calculating the fair value of investment properties recognised within the statement of asset and liabilities.

**7. Investment in properties**

The Fund had initially invested in leasehold rights of Lifestyle Entertainment Complex Building of 3 big projects; Major Cineplex Ratchayothin Project, Major Cineplex Rangsit Project and Suzuki Avenue Ratchayothin Lifestyle Complex Project. The details of investments are as follows:

- 1) Major Cineplex Ratchayothin Project
  - a) Land leasehold rights, lease period 30 years
  - b) Leasehold right on building, lease period 30 years
  - c) Land and car park building leasehold rights including utility of building, lease period 30 years
  - d) Right for the use of utility system

The Fund had paid all leases for the entire lease period from 26 June 2007 to 26 June 2037 (total of 30 years) including the cost of utility system at the agreement date totalling Baht 1,571 million.

- 2) Major Cineplex Rangsit Project
  - a) Land leasehold rights, lease period 21 years
  - b) Leasehold right on building, lease period 21 years
  - c) Right for the use of utility system

The Fund had paid all leases for the entire lease period from 26 June 2007 to 1 March 2029 (total of 21 years 8 months 4 days) including the cost of utility system at the agreement date totalling Baht 618 million.

- 3) Suzuki Avenue Ratchayothin Lifestyle Complex Project
  - a) Land leasehold rights, lease period 30 years
  - b) Leasehold right on building, lease period 30 years
  - c) Right for the use of utility system

The Fund had paid all leases for the entire lease period from 29 December 2010 to 28 December 2040 (total of 30 years) including the cost of utility system at the agreement date totalling Baht 963 million.

On 28 December 2016, the Fund has additionally invested in leasehold rights area on building of Major Cineplex Ratchayothin Project. The area is 78.76 square meters. The lease term is from 28 December 2016 to 26 June 2067 (total of 50 years 5 months 30 days). Total payment of this rights was baht 16.4 million and was paid on 30 January 2017.

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**7. Investment in properties (Cont'd)**

During the year, the Fund hired an independent valuer for the assessment of value of the investment in properties of the Fund by employing the Income Approach. The result revealed that the fair value of the investment in properties of the Fund as of 31 December 2019 amounts to Baht 3,862 million, resulting in the unrealised net gain from such assessment amounting to Baht 61 million which was recorded in the statement of operations. Detail of appraisal presented in table below:

(Unit: thousand Baht)										
Properties	Balance as of 31 December 2018		Appraisal date	Unrealised gain (loss) from investment valuation as at 31 December 2018	Additional cost for the year ended 31 December 2019	Write-off cost for the year ended 31 December 2019	Balance as of 31 December 2019		Appraisal date	Unrealised gain (loss) from investment valuation as at 31 December 2019
	Cost	Appraisal value					Cost	Appraisal value		
Major Cineplex Ratchayothin Project	1,645,454	-		479,246	45,749	(25,226)	1,665,977	-		596,723
Major Cineplex Ratchayothin Project - Additional leasehold right on building	16,400	-		-	-	-	16,400	-		-
Major Cineplex Ratchayothin Project	1,661,854	2,141,100	28 February 2018	479,246	45,749	(25,226)	1,682,377	2,279,100	27 February 2019	596,723
Major Cineplex Rangsit Project	660,746	623,000	28 February 2018	(37,746)	868	-	661,614	529,000	27 February 2019	(132,614)
Suzuki Avenue Ratchayothin Lifestyle Complex Project	991,517	1,004,700	28 February 2018	13,183	10,862	-	1,002,379	1,054,000	27 February 2019	51,621
Total	3,314,117	3,768,800		454,683	57,479	(25,226)	3,346,370	3,862,100		515,730
Unrealised gain from investment valuation during the year										61,047

8. Investment in securities

	31 December 2019		31 December 2018	
	Cost/ Amortised cost Baht	Fair value Baht	Cost/ Amortised cost Baht	Fair value Baht
Bank of Thailand Bonds	37,801,748	37,820,921	66,086,393	66,099,006
Total debt securities	37,801,748	37,820,921	66,086,393	66,099,006
Unrealised gains from changes in value of investments	19,173	-	12,613	-
Total debt securities	37,820,921	37,820,921	66,099,006	66,099,006

Investment in debt securities as at 31 December 2019 and 2018 will be due as follows:

	31 December 2019			
	Period to maturity			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Bank of Thailand Bonds	37,801,748	-	-	37,801,748
Total debt securities	37,801,748	-	-	37,801,748
Unrealised gains from changes in value of investments	19,173	-	-	19,173
Total debt securities	37,820,921	-	-	37,820,921

	31 December 2018			
	Period to maturity			
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Bank of Thailand Bonds	66,086,393	-	-	66,086,393
Total debt securities	66,086,393	-	-	66,086,393
Unrealised gains from changes in value of investments	12,613	-	-	12,613
Total debt securities	66,099,006	-	-	66,099,006

**9. Cash and cash equivalents**

Bank	Principal (Baht)		Interest rate per annum (%)	
	2019	2018	2019	2018
United Overseas (Thai) Bank Public Company Limited				
Saving account	-	1,194,452	-	0.85
Kasikorn Bank Public Company Limited				
Saving account	662,674	4,296,878	-	-
Current account	20,897,157	5,679,390	-	-
Siam Commercial Bank Public Company Limited				
Saving account	249,640,042	226,505,228	0.38	0.38
	<u>271,199,873</u>	<u>237,675,948</u>		

**10. Deferred charges**

Deferred charges are compensation right at Major Ratchayothin and BTS green line connection and fund registration fee which will be recognised as expense over the period of contracts. The contract period for the connection right is 15 years since the connection bridge operate and one year for fund registration.

Movement in deferred charges are as follows:

	2019 Baht	2018 Baht
Beginnings balance	10,028,712	51,325
Addition in deferred charges	604,914	10,080,580
Recognised as expense during the year	(594,999)	(103,193)
Ending balance	<u>10,038,627</u>	<u>10,028,712</u>

**11. Unitholders' equity**

As of 31 December 2019 and 2018, there are 330,000,000 authorised units of Baht 10 par value registered, issued and paid-up.

Movements in capital account are as follows:

	2019	
	Number of units	Baht
Units registered, issued and paid-up	<u>330,000,000</u>	<u>3,300,000,000</u>
Beginning balance	330,000,000	3,300,000,000
Issue of units	-	-
Ending balance	<u>330,000,000</u>	<u>3,300,000,000</u>

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**11. Unitholders' equity (Cont'd)**

As of 31 December 2019 and 2018, there are 330,000,000 authorised units of Baht 10 par value registered, issued and paid-up. (Cont'd)

Movements in capital account are as follows: (Cont'd)

	<b>2018</b>	
	<b>Number of units</b>	<b>Baht</b>
Units registered, issued and paid-up	330,000,000	3,300,000,000
Beginning balance	330,000,000	3,300,000,000
Issue of units	-	-
Ending balance	330,000,000	3,300,000,000

Movements in retained earnings are as follows:

	<b>2019 Baht</b>	<b>2018 Baht</b>
Beginning balance	670,979,156	670,630,286
Net investment income	268,508,800	295,622,512
Unrealised loss from investment valuation (Note 7,8)	61,053,354	(6,523,642)
Dividend paid to unitholders (Note 12)	(267,300,000)	(288,750,000)
Ending balance	733,241,310	670,979,156

**12. Dividend**

The details of dividends for the year ended 31 December 2019 are as follow:

<b>No.</b>	<b>The operation for period</b>	<b>Payment date</b>	<b>Per unit Baht</b>	<b>Total Million Baht</b>
1	1 January 2018 to 31 December 2018	22 March 2019	0.213	70.125
2	1 January 2019 to 31 March 2019	20 June 2019	0.213	70.125
3	1 January 2019 to 30 June 2019	19 September 2019	0.200	66.000
4	1 January 2019 to 30 September 2019	19 December 2019	0.185	61.050
				<u>267.300</u>

The details of dividends for the year ended 31 December 2018 are as follow:

<b>No.</b>	<b>The operation for period</b>	<b>Payment date</b>	<b>Per unit Baht</b>	<b>Total Million Baht</b>
1	1 January 2017 to 31 December 2017	22 March 2018	0.220	72.600
2	1 January 2018 to 31 March 2018	20 June 2018	0.220	72.600
3	1 January 2018 to 30 June 2018	19 September 2018	0.220	72.600
4	1 January 2018 to 30 September 2018	19 December 2018	0.215	70.950
				<u>288.750</u>

### **13. Expenses**

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

#### **Management fee**

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

#### **Trustee fee**

The trustee is entitled to receive a monthly remuneration at a rate not exceeding 0.50% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net asset value of the Fund as calculated by the Management Company and verified by the Trustee. The foregoing does not include other expenses as actually incurred such as the expenses for the inspection of assets of the Fund.

#### **Registrar fee**

The fee for the Investment Unit Registrar shall be at a rate not exceeding 0.10% per annum (exclusive of value added tax, specific business tax or any other similar tax) of the net assets value of the Fund as calculated by the Management Company and verified by the Trustee.

#### **Property management fees**

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

1. Fee for rental collection on behalf of the Fund at the rate not exceeding 3% of net rental and service income.
2. Leasing commission for procuring tenants and management of all tenants of the Fund upon entering into new lease agreements with new tenants or renewal of lease agreements is calculated at the rate of 0.5 - 1.5 times of the monthly rental fees depending on the type and period (terms) of lease agreements.
3. Property management fee is calculated at the rate not exceeding 0.3% of Net Asset Value of the Fund calculated as at the last business day of previous month.
4. Incentive fee for the Property Manager is calculated at the rate of not exceeding 2.35% of Net Property Income. Net Property Income means net revenue from property deducted by property costs and expenses from procuring benefits from the properties.

#### **14. Related party transactions**

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

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

As at 31 December 2019, types of relationship of related companies of the fund are as follows:

<b>Name of companies</b>	<b>Type of relationship</b>
Major Cineplex Group Public Company Limited	The major unitholder which held 33.00% in the Fund
Kasikorn Asset Management Co., Ltd.	The Fund's management company

The following significant transactions were carried out with related parties:

##### **a) Income**

	<b>For the years ended 31 December</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Major Cineplex Group Public Company Limited and its related parties - Rental and service income	206,082,648	198,343,885

##### **b) Expenses**

	<b>For the years ended 31 December</b>	
	<b>2019 Baht</b>	<b>2018 Baht</b>
Kasikorn Asset Management Company Limited - Management fee	4,911,829	4,920,414
Siam Commercial Bank Public Company Limited - Trustee fee	1,227,957	1,230,103
Kasikorn Bank Public Company Limited - Registrar fee	2,046,596	2,050,172
Major Cineplex Group Public Company Limited and its related parties - Property management fees	36,958,949	36,239,329

**14. Related party transactions (Cont'd)**

The following significant transactions were carried out with related parties: (Cont'd)

**c) Outstanding balances arising from sales/purchases of services as at 31 December**

	<b>2019 Baht</b>	<b>2018 Baht</b>
Major Cineplex Group Public Company Limited and its related parties		
- Rentals receivables and other accounts receivable	3,225,468	2,039,460
- Other assets	26,750	-
- Other accounts payable	38,346,688	8,292,622
- Deposits received from customers	4,955,912	4,955,912
Kasikorn Asset Management Company Limited		
- Other accounts payable	858,698	850,705
Kasikorn Bank Public Company Limited		
- Cash at bank (Note 9)	21,559,831	9,976,268
- Other accounts payable	357,791	354,460
Siam Commercial Bank Public Company Limited		
- Cash at bank (Note 9)	249,640,042	226,505,228
- Other accounts payable	214,674	212,676

**15. Financial risk management**

As at 31 December 2019, the principal financial risks faced by the Fund are interest rate risk and credit risk.

Interest rate risk

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

Credit risk

Credit risk is the risk that counterparties might not discharge their obligation causing the Fund to incur a financial loss. Credit risk arises from risk in the collectability of lease rental from counterparties.

The Fund has no significant concentrations of credit risk due to the Fund has a large number of tenants in various businesses. Additionally, the Fund has a policy to collect in advance rental deposits from customers as a collateral in case of default. The Management Company is of opinion that the Fund does not have credit risk other than that provided in the allowance for doubtful accounts as presented in the financial statements. The estimate for allowance for doubtful accounts encompasses consideration of past collection experiences, customers' deposits and other factors such as the local economic conditions.

Fair value

The carrying amounts of the Fund's other financial assets and liabilities as at 31 December 2019 as presented in the financial statements approximate to their fair value since they are due in a short-period and their interest rate approximately subject to current market interest rate.

**16. Information regarding sale and purchase of investment**

During 2019, the Fund has sold and purchased investments amounting to Baht 179 million representing 4.50% of the weighted average net asset value during the year.

During 2018, the Fund has sold and purchased investments amounting to Baht 318 million representing 7.98% of the weighted average net asset value during the year.

**17. Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as that makes strategic decisions. However, no difference between Financial statements and Operating segments report.

The Fund operates in only one business segment which is the investment in properties and the business is only operated in Thailand. Therefore the presentation of segment information is not necessary.

**18. Commitments**

As at 31 December 2019 and 2018, the Fund has long-term commitments in the respect of land and parking area rental. The future minimum lease payment commitments are as follows:

	<b>2019</b>	<b>2018</b>
	<b>Baht</b>	<b>Baht</b>
Up to 1 year	10,734,690	10,683,660
2 - 5 years	44,075,684	43,295,227
Over 5 years	38,194,855	49,710,002
	<u>93,005,229</u>	<u>103,688,889</u>