

## **Independent Auditor's Report on Review of Interim Financial Information**

### **To the Unitholders of CPN Retail Growth Leasehold REIT**

I have reviewed the accompanying balance sheet and details of investments as at 31 March 2018, the statements of income, changes in net assets, cash flows and the significant financial information for the three-month period ended 31 March 2018 and condensed notes ("interim financial information") of CPN Retail Growth Leasehold REIT. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Vannaporn Jongperadechanon)  
Certified Public Accountant  
Registration No. 4098

KPMG Phoomchai Audit Ltd.  
Bangkok  
10 May 2018

# CPN Retail Growth Leasehold REIT

## Balance sheet

		31 March	31 December
	<i>Note</i>	2018	2017
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<b>Assets</b>			
Investments in leasehold properties at fair value (at cost of Baht 44,933.37 million as at 31 March 2018 and Baht 44,915.79 million as at 31 December 2017)	4	44,301,000	44,310,000
Investments in securities at fair value (at cost of Baht 990 million as at 31 March 2018 and 31 December 2017)		992,149	989,993
Cash on hand and at banks	3, 5	482,081	1,052,359
Rental and service receivables	3, 6	135,490	188,625
Accrued interest income	3	359	75
Refundable value added tax		-	392,805
Other assets		592,775	121,697
<b>Total assets</b>		<b>46,503,854</b>	<b>47,055,554</b>
<b>Liabilities</b>			
Trade accounts payable	3	137,371	107,052
Other accounts payable	3	48,461	57,237
Withholding tax payable		1,909	597,949
Deposits received in advance	3	1,460,851	1,424,071
Accrued expenses	3	469,124	703,560
Unearned lease and service income		61,796	51,481
Borrowings	3, 7	14,456,334	14,453,698
Other liabilities	3	212,027	198,358
<b>Total liabilities</b>		<b>16,847,873</b>	<b>17,593,406</b>
<b>Net assets</b>		<b>29,655,981</b>	<b>29,462,148</b>
<b>Net assets</b>			
Trust registered capital		29,016,411	29,653,383
Capital received from unitholders	8	29,016,411	29,653,383
Equalisation account	8	216,093	216,093
Retained earning (deficit)	8	423,477	(407,328)
<b>Net assets</b>		<b>29,655,981</b>	<b>29,462,148</b>
Net assets value per unit (Baht)		13.4040	13.3164
Number of unit trusts issued at the end of period (Units)		2,212,476,700	2,212,476,700

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

# CPN Retail Growth Leasehold REIT

## Details of investments (Unaudited)

31 March 2018				Percentage
Type of investments	Areas held by the Trust <i>(Rai-Ngan-Sq. Wah)</i>	Cost <i>(in thousand Baht)</i>	Fair value	of investments
<i>Investments in leasehold properties (Note 4)</i>				
Leasehold and subleasehold rights on land, shopping center buildings and utility systems and hotel under 6 projects				
1. CentralPlaza Rama II project				
<u>Location</u> Rama II Road, Bangkhuntien, Bangkok				
Subleasehold right on land, leasehold right on shopping center building including parking building, utility systems, furniture, fixtures and equipment	53-2-38.4	7,186,000		
Related acquisition costs for leasehold right		136		
Leasehold improvements		8,935		
		<b>7,195,071</b>	<b>6,997,000</b>	<b>15.45</b>
2. CentralPlaza Rama III project				
<u>Location</u> Ratchadapisek Road, Yannawa, Bangkok				
Leasehold right on land, leasehold right on shopping center building including parking spaces, utility systems, furniture, fixtures and equipment	12-2-44.6	9,179,000		
Related acquisition costs for leasehold right		248		
Leasehold improvements		350,906		
		<b>9,530,154</b>	<b>10,151,000</b>	<b>22.41</b>
3. CentralPlaza Pinklao project				
<u>Location</u> Boromratchachonnane Road, Bangkok noi, Bangkok				
Subleasehold right on land, leasehold right on shopping center building including parking building, office building, utility systems, furniture, fixtures and equipment	24-2-84	5,542,995		
Related acquisition costs for leasehold right		112		
Leasehold improvements		4,265		
		<b>5,547,372</b>	<b>5,778,000</b>	<b>12.76</b>

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

# CPN Retail Growth Leasehold REIT

## Details of investments (Unaudited)

Type of investments	Areas held by the Trust (Rai-Ngan-Sq. Wah)	31 March 2018		Percentage of investments
		Cost (in thousand Baht)	Fair value	
4. CentralPlaza Chiangmai Airport project				
<u>Location</u> Mahidol Road and Waulai Road, Haiya, Amphur Muang Chiangmai, Chiangmai				
Leasehold right on land, leasehold right on shopping center building including parking building, multipurpose building, utility systems, furniture, fixtures and equipment	32-3-56.85	10,494,000		
Related acquisition costs for leasehold right		153		
Leasehold improvements		9,096		
		<b>10,503,249</b>	<b>10,653,000</b>	<b>23.52</b>
5. CentralFestival Pattaya Beach project				
<u>Location</u> Pattaya 1 road, Nong Prue, Bang La Mung, Chonburi				
Leasehold right on shopping center building including parking spaces		4,892,300		
Leasehold right on utility systems		3,246,533		
Related acquisition costs for leasehold right		176,123		
Furniture, fixtures and equipment		15,525		
Leasehold improvements		47		
		<b>8,330,528</b>	<b>7,272,000</b>	<b>16.05</b>
6. Hilton Pattaya Hotel project				
<u>Location</u> Pattaya 1 road, Nong Prue, Bang La Mung, Chonburi				
Leasehold right on hotel building including parking building		1,501,667		
Leasehold right on utility systems		2,192,500		
Related acquisition costs for leasehold right		72,831		
Furniture, fixtures and equipment		60,000		
		<b>3,826,998</b>	<b>3,450,000</b>	<b>7.62</b>
<b>Total investments in leasehold properties</b>		<b>44,933,372</b>	<b>44,301,000</b>	<b>97.81</b>

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

# CPN Retail Growth Leasehold REIT

## Details of investments (Unaudited)

	31 March 2018		
	Face value	Fair value	Percentage of investments
	(in thousand Baht)		
<i>Investments in securities</i>			
<i>Unit Trust</i>			
TMB Treasury Money Fund	990,000	992,149	
<b>Total investments in securities</b>	<b>990,000</b>	<b>992,149</b>	<b>2.19</b>
<b>Total investments</b>	<b>45,923,372</b>	<b>45,293,149</b>	<b>100.00</b>

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

# CPN Retail Growth Leasehold REIT

## Details of investments

31 December 2017				Percentage
Type of investments	Areas held by the Trust <i>(Rai-Ngan-Sq. Wah)</i>	Cost <i>(in thousand Baht)</i>	Fair value	of investments
<i>Investments in leasehold properties (Note 4)</i>				
Leasehold and subleasehold rights on land, shopping center buildings and utility systems and hotel under 6 projects				
1. CentralPlaza Rama II project				
<u>Location</u> Rama II Road, Bangkhuntien, Bangkok				
Subleasehold right on land, leasehold right on shopping center building including parking building, utility systems, furniture, fixtures and equipment	53-2-38.4	7,186,000		
Related acquisition costs for leasehold right		136		
Leasehold improvements		19		
		<u>7,186,155</u>	<u>7,186,000</u>	<u>15.86</u>
2. CentralPlaza Rama III project				
<u>Location</u> Ratchadapisek Road, Yannawa, Bangkok				
Leasehold right on land, leasehold right on shopping center building including parking spaces, utility systems, furniture, fixtures and equipment	12-2-44.6	9,179,000		
Related acquisition costs for leasehold right		249		
Leasehold improvements		351,634		
		<u>9,530,883</u>	<u>9,179,000</u>	<u>20.26</u>
3. CentralPlaza Pinklao project				
<u>Location</u> Boromratchachonnane Road, Bangkok noi, Bangkok				
Subleasehold right on land, leasehold right on shopping center building including parking building, office building, utility systems, furniture, fixtures and equipment	24-2-84	5,542,995		
Related acquisition costs for leasehold right		112		
		<u>5,543,107</u>	<u>5,543,000</u>	<u>12.24</u>

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

# CPN Retail Growth Leasehold REIT

## Details of investments

Type of investments	Areas held by the Trust (Rai-Ngan-Sq. Wah)	31 December 2017		Percentage of investments
		Cost (in thousand Baht)	Fair value	
4. CentralPlaza Chiangmai Airport project				
<u>Location</u> Mahidol Road and Waulai Road, Haiya, Amphur Muang Chiangmai, Chiangmai				
Leasehold right on land, leasehold right on shopping center building including parking building, multipurpose building, utility systems, furniture, fixtures and equipment	32-3-56.85	10,494,000		
Related acquisition costs for leasehold right		153		
Leasehold improvements		4,015		
		<b>10,498,168</b>	<b>10,494,000</b>	<b>23.17</b>
5. CentralFestival Pattaya Beach project				
<u>Location</u> Pattaya 1 road, Nong Prue, Bang La Mung, Chonburi				
Leasehold right on shopping center building including parking spaces		4,892,300		
Leasehold right on utility systems		3,246,533		
Related acquisition costs for leasehold right		176,123		
Furniture, fixtures and equipment		15,525		
		<b>8,330,481</b>	<b>8,153,832</b>	<b>18.00</b>
6. Hilton Pattaya Hotel project				
<u>Location</u> Pattaya 1 road, Nong Prue, Bang La Mung, Chonburi				
Leasehold right on hotel building including parking building		1,501,667		
Leasehold right on utility systems		2,192,501		
Related acquisition costs for leasehold right		72,831		
Furniture, fixtures and equipment		60,000		
		<b>3,826,999</b>	<b>3,754,168</b>	<b>8.29</b>
<b>Total investments in leasehold properties</b>		<b>44,915,793</b>	<b>44,310,000</b>	<b>97.82</b>

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

# CPN Retail Growth Leasehold REIT

## Details of investments

	31 December 2017		
	Face value	Fair value	Percentage of investments
	(in thousand Baht)		
<i>Investments in securities</i>			
<i>Unit Trust</i>			
TMB Treasury Money Fund	990,000	989,993	
<b>Total investments in securities</b>	<b>990,000</b>	<b>989,993</b>	<b>2.18</b>
<b>Total investments</b>	<b>45,905,793</b>	<b>45,299,993</b>	<b>100.00</b>

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



# CPN Retail Growth Leasehold REIT

## Statement of income (Unaudited)

		For the three month period ended 31 March 2018 (in thousand Baht)
	<i>Note</i>	
<b><i>Investment income</i></b>		
Rental and service income	3	1,150,109
Interest income	3	924
Other income	3	33,374
<b>Total income</b>		<b>1,184,407</b>
<b><i>Expenses</i></b>		
Costs of rental and services	3	31,132
Management fee	3, 9	32,841
Trustee fee	3, 9	8,359
Registrar fee	9	1,276
Property management fee	3, 9	136,614
Professional fee		193
Administrative expenses	3	29,822
Finance costs	3	87,297
<b>Total expenses</b>		<b>327,534</b>
<b>Net investment income</b>		<b>856,873</b>
<b><i>Net gain (losses) from investments</i></b>		
Net realised losses from investments		(1,645)
Net unrealised gain (losses) from investments in leasehold properties	4	(26,579)
investments in securities		2,156
<b>Total net losses from investments</b>		<b>(26,068)</b>
<b>Net increase in net assets from operations</b>		<b>830,805</b>

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

**CPN Retail Growth Leasehold REIT**  
**Statement of changes in net assets (Unaudited)**

		For the three month period ended 31 March 2018 (in thousand Baht)
	<i>Note</i>	
<b>Increase (decrease) in net assets from operations during the period</b>		
Net investment income		856,873
Net realised losses from investments		(1,645)
Net unrealised gain (losses) from		
investments in leasehold properties	4	(26,579)
investments in securities		2,156
<b>Net increase in net assets from operations</b>		<b>830,805</b>
The reduction of paid-in capital distributed to unitholders	8	(636,972)
<b>Net increase in net assets during the period</b>		<b>193,833</b>
Net assets as at beginning of period		29,462,148
<b>Net assets at the end of period</b>		<b>29,655,981</b>

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

# CPN Retail Growth Leasehold REIT

## Statement of cash flows (Unaudited)

		For the three month period ended 31 March 2018 (in thousand Baht)
	<i>Note</i>	
<b><i>Cash flows from operating activities</i></b>		
Net increase in net assets from operations		830,805
<b><i>Adjustments to reconcile net increase (decrease) in net assets from operations to net cash provided by (used in) operating activities:</i></b>		
Purchases of investments in leasehold properties		(19,252)
Proceeds from sales of investments in leasehold properties		28
Decrease in rental and service receivables		53,135
Decrease in refundable value added tax		392,805
Increase in other assets		(471,078)
Increase in trade accounts payable		30,319
Decrease in other accounts payable		(8,776)
Decrease in withholding tax payable		(596,040)
Increase in deposits received in advance		36,780
Decrease in accrued expenses		(269,523)
Increase in unearned lease and service income		10,315
Increase in other liabilities		13,669
Interest income		(924)
Interest received		640
Finance costs		87,297
Net realised losses from investments		1,645
Net unrealised (gain) losses from		
investments in leasehold properties	4	26,579
investments in securities		(2,156)
<b>Net cash provided by operating activities</b>		<b>116,268</b>

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

# CPN Retail Growth Leasehold REIT

## Statement of cash flows (Unaudited)

		For the three month period ended 31 March 2018 (in thousand Baht)
	<i>Note</i>	
<b><i>Cash flows from financing activities</i></b>		
Interest Paid		(49,574)
The reduction of paid-in capital distributed to unitholders	8	<u>(636,972)</u>
<b>Net cash used in financing activities</b>		<b><u>(686,546)</u></b>
 <b>Net decrease in cash on hand and at banks</b>		 <b>(570,278)</b>
Cash on hand and at banks at the beginning of period		<u>1,052,359</u>
<b>Cash on hand and at banks at the end of period</b>		<b><u><u>482,081</u></u></b>

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

**CPN Retail Growth Leasehold REIT**  
**Significant financial information (Unaudited)**

For the three month  
period ended  
31 March 2018  
*(in Baht)*

***Information on operating results (per unit)***

Net assets value as at beginning period	13.3164
<b><i>Income (losses) from investing activities</i></b>	
Net investment income	0.3873
Net realised losses from investments	(0.0008)
Net unrealised gain (losses) from	
investments in leasehold properties	(0.0120)
investments in securities	0.0010
Total losses from investing activities	0.3755
The reduction of paid-in capital distributed to unitholders	(0.2879)
<b>Net assets value at the end of period</b>	<b>13.4040</b>

**Ratio of net increase in net assets from operations to average net assets  
during the period (%)**

**2.81**

**Significant financial ratios and additional significant information**

Net assets at the end of period <i>(in thousand Baht)</i>	29,655,981
Ratio of total expenses to average net assets during the period (%)	1.11
Ratio of investment income to average net assets during the period (%)	4.00
Ratio of weighted average investment purchases and sales during the period to average net assets during the period (%)*	0.07
Average net assets value during the period <i>(in thousand Baht)</i>	29,589,337

\* The value of investment purchases and sales during the period does not include cash at banks and investments in cash at banks, and are calculated by a weighted average basis outstanding during the period.

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

# **CPN Retail Growth Leasehold REIT**

Interim financial statements  
for the three-month periods ended  
31 March 2018

and

Independent auditor's report on review of interim financial  
information

**CPN Retail Growth Leasehold REIT**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2018 (Unaudited)**

<b>Note</b>	<b>Contents</b>
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# **CPN Retail Growth Leasehold REIT**

## **Notes to the interim financial statements**

### **For the three-month periods ended 31 March 2018 (Unaudited)**

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the authorised director of the REIT manager on 10 May 2018.

#### **1 Description of CPN Retail Growth Leasehold REIT**

CPN Retail Growth Leasehold REIT (“the Trust”) is a real estate investment trust established under the Trust for Transaction in Capital Market Act, B.E.2550 (“the Act”) in accordance with the Trust Deed on 29 November 2017. The Trust was established from the conversion of CPN Retail Growth Leasehold Property Fund (“the Fund”) and received the transfer of assets, liabilities and obligations from the Fund on 1 December 2017. The Trust was a specific closed-end real estate investment trust with an indefinite term. The Trust’s objectives are to raise funds and mainly use funds to invest in properties or leasehold properties and seek benefits from such properties. As at 31 March 2018 and 31 December 2017, the Trust has invested in investments in leasehold properties of 6 projects which were CentralPlaza Rama II, CentralPlaza Rama III, CentralPlaza Pinklao, CentralPlaza Chiangmai Airport, CentralFestival Pattaya Beach and Hilton Pattaya Hotel.

On 14 December 2017, the Stock Exchange of Thailand approved the listing of the unit trusts of the Trust and permitted their trading from such date.

As at 31 March 2018, the major unitholder of the Trust was Central Pattana Public Company Limited holding 26.69% of the unit trusts issued and paid-up. (31 December 2017: 26.69%)

CPN REIT Management Company Limited (“the REIT manager”) performs monitoring and managing of the assets of the Trust. SCB Asset Management Company Limited acts as the Trustee and Central Pattana Public Company Limited (“Central Pattana”) acts as the Property manager.

#### **2 Basis of preparation of the interim financial statements**

##### **(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standards (“TAS”) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission. In addition, the financial statements have been prepared in accordance with TAS No. 106 “Accounting for Investment Companies”.

The interim financial statements are prepared to provide an update on the financial statements for the period from 29 November 2017 (date of incorporation) to 31 December 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Trust for the period from 29 November 2017 (date of incorporation) to 31 December 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the period from 29 November 2017 (date of incorporation) to 31 December 2017 except that the Trust has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Trust.



**CPN Retail Growth Leasehold REIT**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2018 (Unaudited)**

**(b) Basis of measurement**

The interim financial statements were prepared on the historical cost basis except for investments in leasehold properties and investments in securities are measured at fair value.

**(c) Functional and Presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Trust's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

**(d) Use of judgements and estimates**

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparing these interim financial statements, the significant judgement made by management in applying the Trust's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the period from 29 November 2017 (date of incorporation) to 31 December 2017.

**Judgements**

The key judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements is included in Note 4 to the financial statements: Investment in leasehold properties.

**3 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Trust if the Trust has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Trust and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

<b>Name of Entities</b>	<b>Country of Incorporation/ Nationality</b>	<b>Nature of Relationship</b>	<b>Nature of Transaction</b>
Central Pattana Public Company Limited	Thailand	- Major unitholder holding 26.69% of Trust units issued and paid-up - Property manager	- Rental and service agreement - Receive property management fee from the Trust
CPN REIT Management Company Limited	Thailand	- REIT manager - Central Pattaya Public Company Limited's subsidiary	- Rental and service agreement - Receive management fee from the Trust

**CPN Retail Growth Leasehold REIT**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2018 (Unaudited)**

<b>Name of Entities</b>	<b>Country of Incorporation/ Nationality</b>	<b>Nature of Relationship</b>	<b>Nature of Transaction</b>
SCB Asset Management Company Limited	Thailand	- Trustee of the Trust	- Receive trustee fee from the Trust
The Siam Commercial Bank Public Company Limited	Thailand	- Parent company of SCB Asset Management Company Limited	- Grant loan to the Trust - Rental and service agreement - Depository service
SCB Securities Company Limited	Thailand	- The Siam Commercial Bank Public Company Limited's subsidiary	- Rental and service agreement
Central Pattana Rama 2 Company Limited	Thailand	- Central Pattana Public Company Limited's subsidiary - Common directors	- Water treatment system rental agreement rendering to the Trust - Rental and service agreement
Central Pattana Rama 3 Company Limited	Thailand	- Central Pattana Public Company Limited's subsidiary - Common directors	- Rental and service agreement
Central Pattana Chiangmai Company Limited	Thailand	- Central Pattana Public Company Limited's subsidiary - Common directors	- Rental and service agreement
CPN Pattaya Company Limited	Thailand	- Central Pattana Public Company Limited's subsidiary - Common directors	- Rental and service agreement - Lessor of assets which the Trust additionally invested
CPN Pattaya Hotel Company Limited	Thailand	- Central Pattana Public Company Limited's subsidiary - Common directors	- Sublease agreement over building and utility systems, and lease agreement over movable assets with the Trust
CRC Sport Company Limited	Thailand	- Common directors	- Rental and service agreement
Central Group of Companies	Thailand	- Common directors, common management or common control with Central Pattana Public Company Limited	- Rental and service agreement

**CPN Retail Growth Leasehold REIT**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2018 (Unaudited)**

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing Policies</b>
Rental and service income	- Market prices which are subject to location, lease space, lease form, lease period and type of lease
Interest income	- As mutually agreed rate
Other income	- The rate being charged by other parties in the business
Costs of rental and services	- Market prices
Management fee	- As mutually agreed prices in contract
Trustee fee	- As mutually agreed prices in contract
Property management fee	- As mutually agreed prices in contract
Administrative expenses	- As mutually agreed prices in contract
Finance costs	- As mutually agreed prices in contract
Purchase of investments in leasehold properties	- As mutually agreed prices in contract (see Note 4 to the financial statements)

Significant transactions for the three-month periods ended 31 March 2018 was as follows:

	For the three month periods ended 31 March 2018 (in thousand Baht)
<b>Income</b>	
Rental and service income	
Central Pattana Public Company Limited and its subsidiaries	90,202
The Siam Commercial Bank Public Company Limited and its subsidiaries	9,800
SCB Securities Company Limited	289
CRC Sport Company Limited	8,722
Central Group of Companies	118,879
<b>Total</b>	<b>227,892</b>
Interest income	
The Siam Commercial Bank Public Company Limited	907
Other income	
Central Pattana Public Company Limited and its subsidiaries	443
CRC Sport Company limited	3
Central Group of Companies	332
<b>Total</b>	<b>778</b>
<b>Expenses</b>	
Costs of rental and services	
Central Pattana Public Company Limited and its subsidiaries	7,809
Central Group of Companies	390
<b>Total</b>	<b>8,199</b>

**CPN Retail Growth Leasehold REIT**  
**Notes to the interim financial statements**  
**For the three-month periods ended 31 March 2018 (Unaudited)**

	For the three month periods ended 31 March 2018 (in thousand Baht)
Management fee	
CPN REIT Management Company Limited	<u><u>32,841</u></u>
Trustee fee	
SCB Asset Management Company Limited	<u><u>8,359</u></u>
Property management fee	
Central Pattana Public Company Limited	<u><u>136,614</u></u>
Administrative expenses	
Central Pattana Public Company Limited and its subsidiaries	15,991
Central Group of Companies	198
<b>Total</b>	<u><u>16,189</u></u>
Finance costs	
The Siam Commercial Bank Public Company Limited	<u><u>11,582</u></u>

Balances as at 31 March 2018 and 31 December 2017 with related parties were as follows:

	31 March 2018 (in thousand Baht)	31 December 2017
<b><i>Cash at bank</i></b>		
The Siam Commercial Bank Public Company Limited	<u><u>94,180</u></u>	<u><u>782,435</u></u>
<b><i>Rental and service receivables</i></b>		
Central Pattana Public Company Limited and its Subsidiaries	24,452	22,639
The Siam Commercial Bank Public Company Limited	286	3,996
SCB Securities Company limited	103	-
CRC Sport Company Limited	-	175
Central Group of Companies	11,757	31,973
<b>Total</b>	<u><u>36,598</u></u>	<u><u>58,783</u></u>
<b><i>Accrued interest income</i></b>		
The Siam Commercial Bank Public Company Limited	<u><u>359</u></u>	<u><u>75</u></u>
<b><i>Trade accounts payable</i></b>		
Central Pattana Public Company Limited and its subsidiaries	92,875	77,186
CPN REIT Management Company Limited	22,262	12,518
Central Group of Companies	163	-
<b>Total</b>	<u><u>115,300</u></u>	<u><u>89,704</u></u>

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	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b><i>Other accounts payable</i></b>		
SCB Asset Management Company Limited	8,642	6,077
Central Pattana Public Company Limited and its subsidiaries	10	762
The Siam Commercial Bank Public Company Limited	12	276
Central Group of Companies	2,453	3,291
<b>Total</b>	<b>11,117</b>	<b>10,406</b>
<b><i>Deposits received in advance</i></b>		
The Siam Commercial Bank Public Company Limited	23,422	22,564
Central Pattana Public Company Limited and its subsidiaries	17,494	16,930
CRC Sport Company Limited	4,308	4,308
Central Group of Companies	141,424	141,377
<b>Total</b>	<b>186,648</b>	<b>185,179</b>
<b><i>Accrued expenses</i></b>		
Central Pattana Public Company Limited	33,045	37,828
The Siam Commercial Bank Public Company Limited	15,582	3,400
<b>Total</b>	<b>48,627</b>	<b>41,228</b>
<b><i>Borrowings</i></b>		
The Siam Commercial Bank Public Company Limited	<b>1,917,813</b>	<b>1,917,813</b>
<b><i>Other liabilities</i></b>		
Central Pattana Public Company Limited and its subsidiaries	1,421	10,825
The Siam Commercial Bank Public Company Limited and its subsidiaries	1,588	1,962
CRC Sport Company Limited	1,015	-
SCB Securities Company Limited	336	-
Central Group of Companies	8,856	-
<b>Total</b>	<b>13,216</b>	<b>12,787</b>

**Significant agreements with related parties**

*CPN Pattaya Hotel Company Limited*

On 29 November 2017, the Trust (“the Sublessor”) entered into Hilton Pattaya Hotel building sublease agreement, system sublease agreement and movable assets lease agreement with CPN Pattaya Hotel Company Limited (“the Sublessee”), a subsidiary of Central Pattana Public Company Limited, for using in the operation of hotel business for a period of 1 month ending in 31 December 2017. Counterparties can renew the agreements for 3 times at 3 years each ending in December 2026. Under the conditions of the agreement, the Sublessee had to pay the annual rental throughout the lease agreement period. The annual rental comprise of fixed rental totalling Baht 2,194 million and variable rental which is calculated from profit before tax deducting of reserve for furniture, fixtures and equipment of the hotel.

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*Central Pattana Rama 2 Company Limited*

On 1 December 2017, the Trust received the transfer of liabilities and commitment of the Fund which was in accordance with the Rights and Duties Transferred Agreement between the Fund and the Trust dated 29 November 2017 resulting in the commitment from the Operating Lease Agreement between the Trust and Central Pattana Rama 2 Company Limited to start on the date of receiving the transfer.

As at 31 March 2018 and 31 December 2017, the Trust has commitment for the lease under a water treatments system rental agreement with Central Pattana Rama 2 Company Limited, a subsidiary of Central Pattana Public Company Limited. This commitment is part of shopping center building lease agreement with CentralPlaza Rama II for the remaining lease period of 7 years ending 15 August 2025 as follows:

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b><i>Non-cancellable operating lease commitment</i></b>		
Within one year	6,370	5,750
After one year but within five years	24,620	24,720
After five years	11,740	18,010
<b>Total</b>	<b>42,730</b>	<b>48,480</b>

**4 Investments in leasehold properties**

*Receipt of transfer of investments in leasehold properties*

On 1 December 2017, the Trust received the transfer of investments in leasehold properties from the Fund which was in accordance with the Rights and Duties Transferred Agreement between the Fund and the Trust dated 29 November 2017. The investments in leasehold properties received as transferred from the Fund had fair value of Baht 32,402 million which were under the projects of Central Pattana Public Company Limited and its subsidiaries. The details were as follows:

- CentralPlaza Rama II project with a sublease agreement remaining period of 7 years ending 15 August 2025 and the fair value of Baht 7,186 million.
- CentralPlaza Rama III project with a lease agreement remaining period of 17 years ending 15 August 2035 by having right to renew for another 2 times, 30 years each and the fair value of Baht 9,179 million.
- CentralPlaza Pinklao project with a lease and sublease agreements remaining period of 7 years ending 31 December 2024 and the fair value of Baht 5,543 million.
- CentralPlaza Chiangmai Airport project with a lease agreement remaining period of 26 years ending 22 April 2044 and the fair value of Baht 10,494 million.

*Investments in additional investments in leasehold properties*

On 1 December 2017, the Trust invested in additional assets with CPN Pattaya Company Limited, a subsidiary of Central Pattana Public Company Limited with a lease and sublease agreement period of 20 years ending 31 August 2037. The details were as follows:

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CentralFestival Pattaya Beach project

- Leasing part of building and structures of CentralFestival Pattaya Beach, including part of the shopping centre and the indoor parking area.
- Leasing the system relevant to the building and structures of CentralFestival Pattaya Beach.
- Purchasing the furniture, fixture and equipment.

Hilton Pattaya Hotel project

- Leasing all of building and structures of Hilton Pattaya Hotel, including all hotel building and part of the indoor parking area.
- Leasing the system relevant to the building and structures of Hilton Pattaya Hotel.
- Purchasing the furniture, fixture and equipment.

The Trust paid for the investments in additional assets totalling Baht 11,908 million consisting of CentralFestival Pattaya Beach project of Baht 8,154 million and Hilton Pattaya Hotel project of Baht 3,754 million and paid for related expenses in the amount of Baht 249 million which were recorded as cost of investments in leasehold properties.

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>Investments in leasehold properties - at cost</b>		
Investments in leasehold properties - beginning of period	44,915,793	-
Add Receipt of transfer of investments in leasehold properties from the conversion of the Fund to the Trust	-	32,402,000
Add Investments in additional assets (included transfer cost)	-	12,158,129
Add Increase in furniture, fixtures and equipment and leasehold improvements during the period	19,252	381,327
Less Decrease in furniture, fixtures and equipment and leasehold improvements during the period	(1,673)	(25,663)
	<u>44,933,372</u>	<u>44,915,793</u>
<b>Net unrealised losses from investments in leasehold properties</b>		
Net unrealised losses from investments in leasehold properties - beginning of period	(605,793)	-
Less Unrealised losses from revaluation during the period	(26,579)	(605,793)
<b>Investments in leasehold properties - end of period</b>	<u>44,301,000</u>	<u>44,310,000</u>

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The Trust hired an independent appraiser to revalue these investments in leasehold properties using the income approach. The investments in leasehold properties were subsequently adjusted to their fair values as follows:

Project	Unrealise losses from revaluation of investments in leasehold properties	
	For the three-month period ended 31 March 2018	For the period from 29 November 2017 (date of incorporation) to 31 December 2017
	<i>(in thousand Baht)</i>	
CentralPlaza Rama 2	(197,916)	(155)
CentralPlaza Rama 3	972,729	(351,883)
CentralPlaza Pinklao	230,735	(107)
CentralPlaza Chiangmai Airport	153,919	(4,168)
Central Festival Pattaya Beach	(881,879)	(176,649)
Hilton Pattaya Hotel	(304,167)	(72,831)
<b>Total</b>	<b>(26,579)</b>	<b>(605,793)</b>

**5 Cash on hand and at banks**

	31 March 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Cash on hand	2,014	1,979
Cash at banks	480,067	1,050,380
<b>Total</b>	<b>482,081</b>	<b>1,052,359</b>

As at 31 March 2018 and 31 December 2017, the Trust invested in cash at banks as follows:

	<i>Note</i>	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		Interest rate (% per annum)		<i>(in thousand Baht)</i>	
<b>Current Account</b>					
Citibank, N.A.		-	-	385,887	267,945
<b>Savings Accounts</b>					
The Siam Commercial Bank Public Company Limited	3	0.375	0.375	94,180	782,435
<b>Total</b>				<b>480,067</b>	<b>1,050,380</b>



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**6 Rental and service receivables**

	<i>Note</i>	31 March 2018	31 December 2017
		<i>(in thousand Baht)</i>	
Related parties	3	36,598	58,783
Other parties		99,025	129,975
<b>Total</b>		<b>135,623</b>	<b>188,758</b>
Less allowance for doubtful accounts		(133)	(133)
<b>Net</b>		<b>135,490</b>	<b>188,625</b>
Bad and doubtful debts expenses for the period		-	-

Aging analyses for rental and service receivables were as follows:

		31 March 2018	31 December 2017
		<i>(in thousand Baht)</i>	
<b>Related parties</b>			
Within credit terms		19,211	22,915
Overdue:			
Less than 3 months		15,856	35,868
3 - 6 Months		1,531	-
<b>Total</b>		<b>36,598</b>	<b>58,783</b>
<b>Other parties</b>			
Within credit terms		18,647	12,936
Overdue:			
Less than 3 months		66,668	117,039
3 - 6 Months		13,710	-
<b>Total</b>		<b>99,025</b>	<b>129,975</b>
Less allowance for doubtful accounts		(133)	(133)
<b>Net</b>		<b>98,892</b>	<b>129,842</b>

The normal credit term granted for rental and service receivables of the Trust ranges from 1 day to 30 days.

**7 Borrowings**

	<i>Note</i>	31 March 2018	31 December 2017
		<i>(in thousand Baht)</i>	
Borrowings from financial institutions - Group 1			
- unsecured	3	1,917,813	1,917,813
Borrowings from financial institutions - Group 2			
- unsecured		12,538,521	12,535,885
<b>Total</b>		<b>14,456,334</b>	<b>14,453,698</b>

As at 31 March 2018, borrowings from financial institutions had the effective interest rate at 2.39% per annum. (As at 31 December 2017: 2.39% per annum)

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As at 31 March 2018 and 31 December 2017, the Trust had utilised loan in accordance with loan agreements with financial institutions of which the details were as follows;

	31 March 2018	31 December 2017	Interest rate (% per annum)	Term of payment
<i>(in million Baht)</i>				
<i>Borrowings from financial institutions - Group 1</i>				
Credit facility 1	1,918	1,918	Agreed rate in the agreement	- Full repayment of principal when due within November 2018 - Repayment of interest every 6 months commencing from June 2018
<i>Borrowings from financial institutions - Group 2</i>				
Credit facility A1	12,538	12,536	BIBOR plus agreed rate in the agreement	- Full repayment of principal when due within November 2019 - Repayment of interest semi-annually commencing from January 2018
<b>Total</b>	<b>14,456</b>	<b>14,454</b>		

As at 31 March 2018, the Trust had unutilised credit facilities amounting to Baht 10,593 million. The loan agreement will be utilised for repayment of credit facility which agreed in the agreement. (31 December 2017: Baht 10,593 million)

The periods to maturity of interest-bearing liabilities, as at 31 March 2018 and 31 December 2017 were as follows:

	31 March 2018	31 December 2017
<i>(in thousand Baht)</i>		
Within one year	1,917,813	1,917,813
After one year but within five years	12,538,521	12,535,885
<b>Total</b>	<b>14,456,334</b>	<b>14,453,698</b>

## **8 Unitholders' equity**

On 29 November 2017, CPN REIT Management Company Limited, as a Trust settlor and REIT manager, established CPN Retail Growth Leasehold REIT from the conversion of CPN Retail Growth Leasehold Property Fund ("the Fund"). The Trust had registered capital of Baht 29,653.38 million consisting of 2,212,476,700 trust units at the par value of Baht 13.4028 per unit. The REIT manager had registered such unit trusts to the Stock Exchange of Thailand on 14 December 2017.

On 1 December 2017, the Trust received the transfer of assets, liabilities and obligations of the Fund which was in accordance with the Rights and Duties Transferred Agreement between the Fund and the Trust dated 29 November 2017 and the Trust gave compensation as unit trusts of the Trust to the Fund totalling 2,212,476,700 units at 13.5004 Baht per unit, totalling Baht 29,869.47 million. Subsequently, on 4 December 2017, the Fund had transferred such unit trusts to the unitholders of the Fund at a ratio of 1:1 resulting in the unitholders of the Fund became the unitholders of the Trust and the Trust had recognised the share premium of investment units totalling Baht 216.09 million in the equilisation account.

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	Par Value (in Baht)	31 March 2018 Number	31 March 2018 Amount (in thousand units/thousand Baht)	31 December 2017 Number	31 December 2017 Amount
<b>Trust registered capital and capital received from unitholders</b>					
Unit trusts at beginning of period	13.4028	2,212,477	29,653,383	-	-
Unit trusts issued for exchange with assets, liabilities and obligation of the Fund	13.4028	-	-	2,212,477	29,653,383
Less Capital Reduction of the Trust	(0.2879)	-	(636,972)	-	-
<b>Unit trusts at the end of period</b>		<b><u>2,212,477</u></b>	<b><u>29,016,411</u></b>	<b><u>2,212,477</u></b>	<b><u>29,653,383</u></b>

	31 March 2018 (in thousand Baht)	31 December 2017
<b>Retained earnings</b>		
<b>Beginning of the period</b>	(407,328)	-
<b>Add Increase (decrease) in net assets from operations during the period</b>	<u>830,805</u>	<u>(407,328)</u>
<b>At the end of the period</b>	<b><u>423,477</u></b>	<b><u>(407,328)</u></b>

At the Board of Directors' Meeting of the REIT manager held on 23 February 2018, the Board of Director approved the capital reduction of the Trust by reducing the value of the unit trusts of 0.2879 per unit, amounting to Baht 636.97 million which had paid the repayment from capital reduction to the unitholders in March 2018. The capital reduction was in accordance with the Trust established agreement.

## **9 Expenses**

### **(a) Management fee**

The REIT manager will receive a monthly management fee from the Trust at the rate not exceeding 1% per annum of total assets value (excluding value added tax, specific business tax or any other similar tax), but not less than Baht 15 million per year. Such fee had increasing rate of 3% per year.

### **(b) Trustee fee**

The Trustee of the Trust will receive a monthly trustee fee from the Trust at a rate not exceeding 1% per annum of total asset value (excluding value added tax, specific business tax or any other similar tax), but not less than Baht 20 million per year.

### **(c) Registrar fee**

The registrar fee is calculated monthly at a rate of 0.023% per annum of the Trust's registered capital, but not exceeding Baht 5 million per year.

### **(d) Property management fee**

The Property manager will receive remuneration for acting as the Property manager from the Trust, which shall be payable monthly according to the Property Management Appointment Agreement between the Trust and the Property manager which are summarised as follows:

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1. Fee for rental and service collection on behalf of the Trust at the rate 3% of net rental and service income of the Trust.
2. Commission for procuring tenants and management of all tenants of the Trust upon entering into lease agreements with new tenants or renewal of lease agreements is calculated from the monthly rental rate of each tenant at the rates of 0.5 - 1.5 months and 3% of the fee for leasehold right received in advance from the tenants, depending on the type and period of lease agreements.
3. Property management fee at the rate not exceeding 0.28% per annum of investment properties value from net asset value report of the Trust that was certified by trustee in each month which was calculated at the last day of each month. The fee is excluding the value of investment property of hotel.
4. Incentive fee at the rate not exceeding 2.35% of net properties income. Net properties income means total revenue that the Trust derived from properties deducting with total costs and expenses incurred from procuring benefits from the properties.
5. Fee for purchase and sale of properties of the Trust at the rate of 1.5% of the properties' value that the Trust additionally invested and at the rate of 0.75% of the properties' sales value from the Trust.
6. Fees for the supervision of improvements and/or development of the Trust's properties at the rate of 2% of the total costs of improvement and/or development of properties of the Trust. Such costs of improvement and/or development including the costs of the purchase of areas to be improved and/or developed back from the existing tenants, but excluding the designing fee, advisor fee, or other professional fees.

**10 Segment information**

The Trust main business is investing in properties and leasehold rights, seeking the benefits from properties, and properties for rent. The Trust has only one geographical segment because they operate only in Thailand.

**11 Financial instruments**

***Financial risk management policies***

The Trust is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Trust does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Trust. The Trust has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The REIT manager continually monitors the Trust's risk management process to ensure that an appropriate balance between risk and control is achieved.

***Capital management***

The REIT manager's Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. They monitors the return on capital and monitors the level of distribution to unitholders.

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***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the operations and cash flows of the Trust because borrowings interest rates are mainly floated. The Trust is primarily exposed to interest rate risk from its borrowing (see Note 7 to the financial statements).

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Trust as and when they fall due.

The Trust has no concentrations of credit risk from receivables due to the Trust has a large number of customers in various businesses. Additionally, the Trust has a policy to collect in advance the rental deposits from customers as collateral in case of default. The REIT manager is of opinion that the Trust 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 including the local economic conditions.

***Fair values***

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Trust takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument. The carrying amounts of the Trust's financial assets and liabilities as presented in the financial statements approximate to their fair values.

**12 Events after the reporting period**

At the Board of Directors' Meeting of the REIT manager held on 10 May 2018, the Board of Directors approved the dividend payment of the Trust from the operation period from 1 January 2018 to 31 March 2018 at the rate of Baht 0.3795 per unit, amounting to Baht 839.63 million. The dividend will be paid to the unitholders in June 2018.