



# **CENTRAL**PATTANA

Annual Report  
2019

# Central Pattana Public Company Limited

<b>Location</b>	10 <sup>th</sup> , 30 <sup>th</sup> - 34 <sup>th</sup> Floor, The Offices at CentralWorld, 999/9 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand
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<b>Corporate Website</b>	<a href="http://www.cpn.co.th">www.cpn.co.th</a>
<b>Registration No.</b>	0107537002443
<b>Year of Establishment</b>	1980
<b>Business Overview</b>	Develop and invest in retail property for rent comprising large-scale shopping complexes and other related and supportive businesses, such as office buildings, hotels, residential development and food court. In addition, the Company invests in CPN Commercial Growth Leasehold Property Fund (CPNCG) and CPN Retail Growth Leasehold REIT (CPNREIT), and is the property manager and REIT manager.
<b>Securities Information</b>	Common shares of Central Pattana Plc. were listed and traded on the Stock Exchange of Thailand in 1995 under the abbreviated security name of “CPN”.
<b>Registered Capital</b>	Baht 2,244,000,000
<b>Issued and Paid-up Capital</b>	Baht 2,244,000,000 comprising ordinary shares of 4,488,000,000 shares, par value of Baht 0.5 per share
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Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)

Celebrating 40 years  
of imagination

# CENTRALPATTANA

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From its origin 40 years ago, Central Pattana pioneered the creation of the first large-scaled integrated shopping center in Thailand. Since then, we have grown to become the leader in retail and commercial property development in Thailand and a key contributor to the social and economic development for the country.

The power of imagination and creativity amongst the people of Central Pattana that collectively produced countless memorable experiences is inspired by those close to us, families, friends, and customers. They have, and always will be, an integral driving force for us to create spaces of infinite possibilities to become an organization with sustainable growth.

We create the “Center of Life” where everyone can live happily and enjoy a better quality of life altogether in a central space that connects people and relationships in all dimensions.

We cultivate creative imaginations into changes and innovations for the betterment of people by becoming the Center of Communities, a place where people assemble to explore, idealize and collaborate on new creations beyond the fundamentals of living, working, shopping, leisure, traveling and learning.

The constant changes of the world will unlock many more imaginations of success for us to build on a glorious journey of pioneering, creating and developing for a better future.

Imagining ourselves in the next 40 years, we will continue to create enrichments to communities, the country and the world.

**Central Pattana...Imagining Better Futures for All.**





# POSITIVITY

Through 40 years of leadership in property development in Thailand, we envisage the importance of creativity and imagination and the desire to create better qualities for customers, partners, employees, communities and the environment.

We are proud to serve and fulfill every lifestyle preference and foster strong bonds in all dimensions including families, relatives, colleagues and people with diverse interests, through creating the “Center of Life” exclusively tailored at our high-quality projects for everyone.

We believe that the success of sustainable development stems from the basic principles of positive thinking and creativity embodied into actionable development of the organization, society, communities and the environment to unitedly progress towards a sustainable future.



# DYNAMISM

As a leader and pioneer, we are capable of learning and embracing changes to innovate constantly, from the inauguration of the first integrated retail and commercial properties in Thailand to the groundbreaking of world-class mixed-use development projects. We also played a key role to redefine the retail industry through introducing new products and services offered to customers, expand our platform into residential development, constantly renovate and improve the quality of shopping centers to contemporary standards, promote events and activities that mutually benefit both customers and partners, and explore new business opportunities domestically and internationally.

Throughout the past four decades, we overcome the changes and challenges of past eras up to the digital age. These challenges fuel our eagerness to learn and acquire new experiences to develop new creations, as well as form alliances with all sectors to pave a better future for all, as exemplified in the strong and high potential business partnership behind the Dusit Central Park project. Amidst the changing era, we also expand our partnership horizon into new businesses that offer a wide range of superior services and secured partnerships with leaders of their respective industries, such as Grab and COMMON GROUND. These business collaborations are essential building blocks to enhance the growth potential of our business in the future.











# COMMUNITY

To achieve better quality of lives, we believe in the existence of mutually shared values to sustainably grow and prosper. Through all our projects, we are one of the key creators of ecosystems in every community by creating jobs, careers and opportunities, as well as supporting business partners, from small to large, to grow together. We also provide public spaces for everyone to spend time and live harmoniously and act as the central figure to support public sector organizations in overseeing the well-being and safety of communities around the shopping centers.

We instill our employees to apply their knowledge and experience to create shared value, as well as embrace the mindset towards resources conservation, such as saving energy and water consumption, promote the development of green buildings and cessation of plastic bags, and increase the use of solar cell as a source of renewable energy to minimize the impact to the environment. We believe that these actions and mindset are synonymous in creating shared values in the society, which becomes an unwavering bond that together innovate meaningful creations and elevate the quality of lives amongst communities, country and the world going forward.



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## Chapter 1

# VISION AND MISSION

“To be the most admired and dynamic regional retail property developer with world-class rewarding experience”

## Mission based on the vision, the Company strives to accomplish four missions to turn its vision into reality.

### 01 Most Admired Retail Developer of All Stakeholders

“To be the preferred mall of choice, delivering extraordinary values that exceed all stakeholders’ expectation”

- To be the investor of choice by delivering competitive and sustainable returns to shareholders, investors, and strategic partners.
- To be the happiness experience destination of targeted shoppers by delivering world-class rewarding experience.
- To be the most preferred partner of targeted tenants and partners by delivering business success together with long-term relationships.
- To be the top-ranked employer of choice by offering brilliant career opportunities and engaged society.
- To be the most socially and community-admired brand through the Company’s shopping mall positioning and signature corporate social responsibility programs.

### 02 Dynamic Retail Developer

“To create new retail formats and merchandising mix that fit better with our targeted customers’ changing lifestyles.”

The Company fully recognizes that customers’ dynamicity poses a key challenge. By the minute, customers have higher expectations, more complicated needs, and ready access to information. The Company’s own dynamicity pushes its shopping centers toward greater sophistication to cater to customers’ lifestyles. To this end, the Company never stops inventing formats for shopping centers, selects novelty shops and outlets that are both modern and match customers’ needs, applies advanced technology to customer services, stages outstanding and unique activities to create new experiences for customers, and synergizes with affiliates in catering to customers’ needs while striving for maximum impression among service users.

### 03 Regional Retail Developer

“To be a potential leader in the region and be considered as threat in all markets that we operate in”

The Company is committed to steady, sustainable growth, with the next step being a regional organization. To this end, we are committed to becoming a renowned retail property developer, with rapidly successful regional projects. Our prospective markets are clearly identified after prudent, strategic deliberation, with business plans and alliance formation plans that can promptly address business opportunities. All the time, the organization and its teams develop themselves for the capability and readiness to operate overseas business as envisioned.

### 04 World-Class Rewarding Experience

“To be the shopping mall destination delivering world-class shopping experience superior to those of our competitors in all markets that we have presence in”

The Company is not only a shopping center developer, but also a deliverer of happiness to everyone, we ensure that all components of our shopping centers pay due attention to service users—whether through shop selection aimed for diversity and novelty, staging of interesting activities, or complete amenities. The Company is convinced that high standards and world-class qualities lead to market leadership, which is why we are always committed to attaining world-class status. We are convinced that our world-class happiness experience is at the top of customers’ mind and at the top of regional shopping center developers’ list in the future.

## Chapter 2

# Core Values

“Because we care.. I·CARE”

Central Pattana has defined I · CARE as the core values that need to be transferred and instilled in all employees to ensure that its operational goals are aligned, contributing to good organizational culture. I · CARE comprises:

## I-INNOVATION



**Creation of new products**, welcome every opportunity and challenge to improve quality and produce more effective performance.

The Company stands ready to encourage and support all personnel in facing changes without pre-judgement, in overcoming all limitations and achieving all possibilities, in consistently examining and exchanging knowledge, and in fearlessly innovating with readiness to modify and improve in the turning of ideas into real practice.

## C-CUSTOMER



**Focus on customers, determined to provide excellent service** with care and attention for internal and external customers.

The Company listens to customers' needs and trains its personnel to know products and customers' requirements in depth to provide service beyond expectation, all the while considering customers' points of view, even in tough times. The Company is ready to admit mistakes when they are made and find immediate solutions to respond to customers' changing requirements.

**These key components have become Central Pattana's core value.**  
"Because we care.. I-CARE"

## A-ALLIANCE



**Work as a team for the progress** of the business group

The Company drives its personnel to work for the corporation under the same overarching goals and bases its business decisions on choices that lead to the highest benefit for all. We listen to and respect all viewpoints, building new knowledge networks to raise expertise standards and foster joint experiences, as well as creating cooperation between branches and business groups, to become an organization of unity.

## R-RELATIONSHIP



**Common spirits with colleagues, business partners and society,** for sustainable growth

The Company recognizes the importance of valuing and respecting differences and diversity in age, culture, and gender to promote a workplace where care, sincerity, flexibility and consideration of colleagues, business partners and society are key factors. We emphasize the keeping of promises to foster confidence and trust in our work, as well as creating an awareness of social responsibility for sustainable growth.

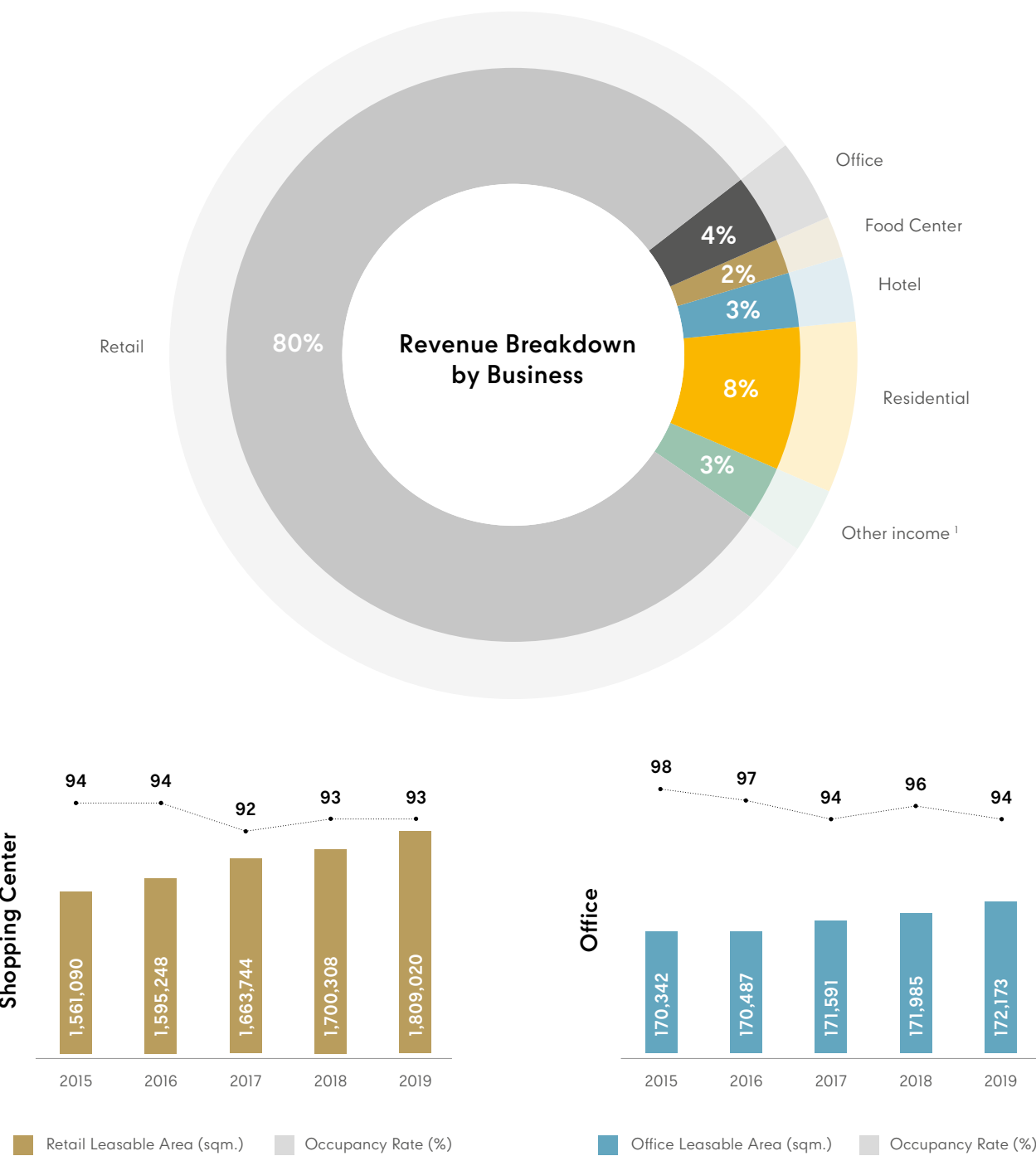
## E-ETHIC



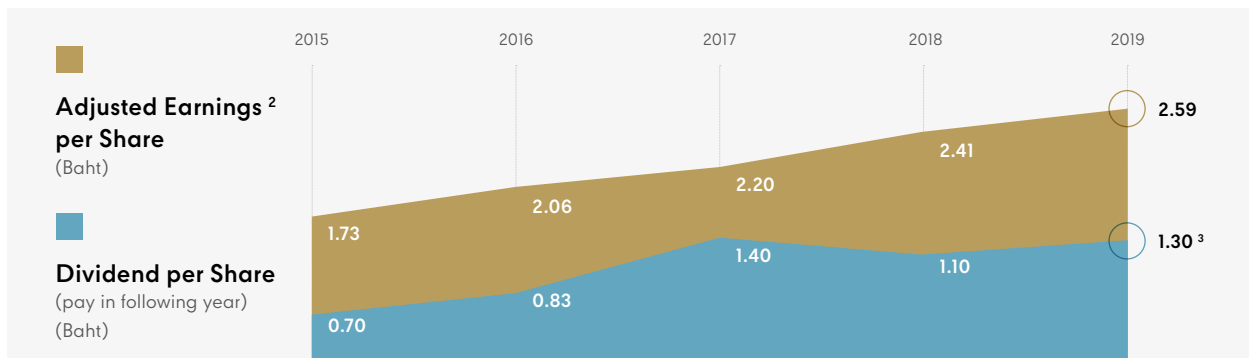
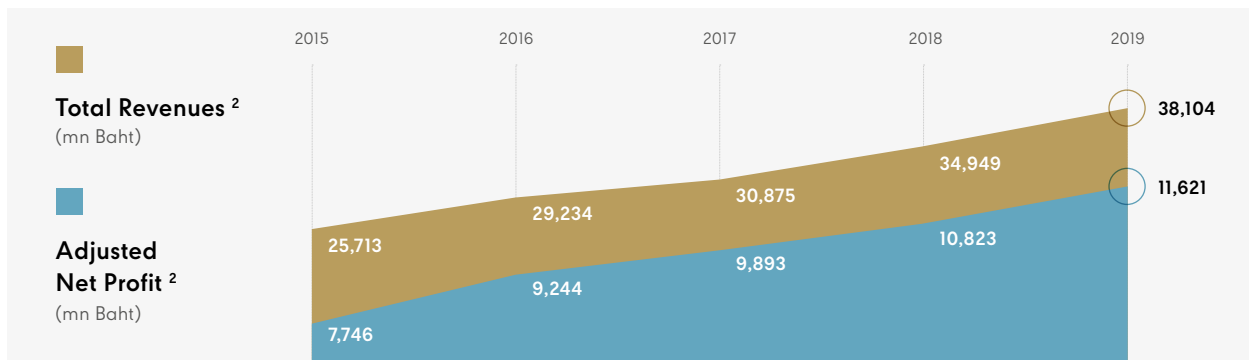
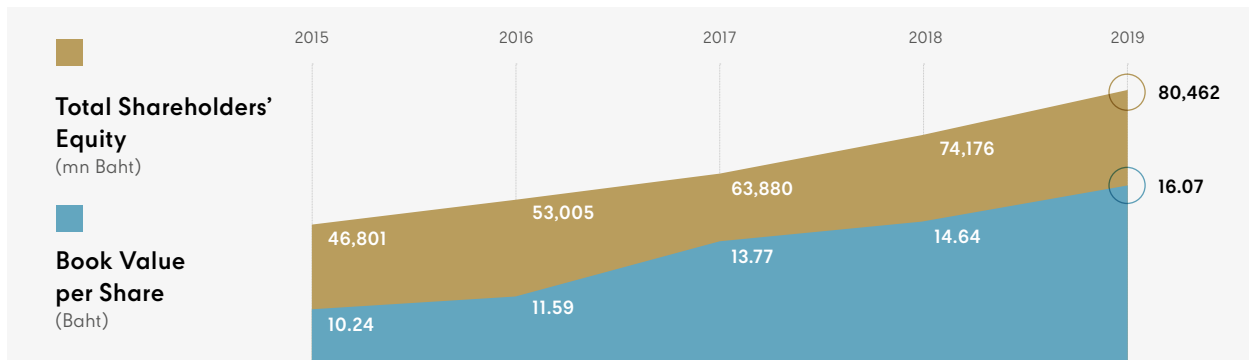
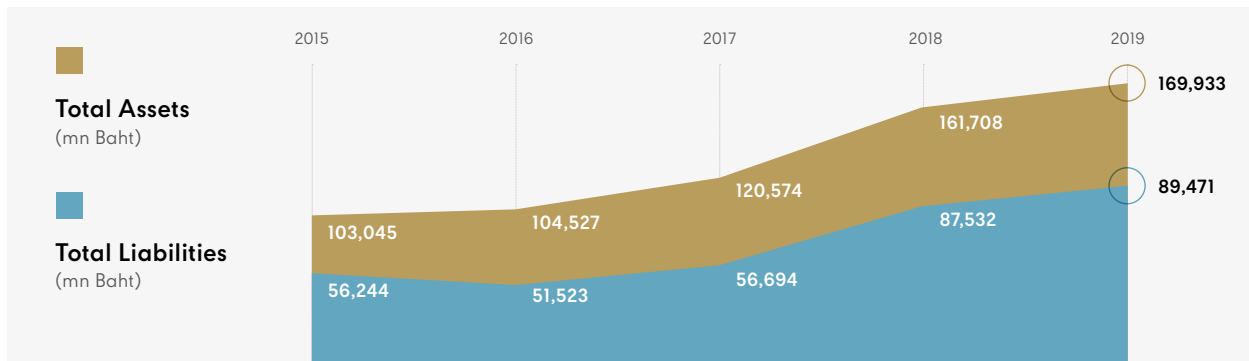
**Respect of ethics in business operations**

The Company upholds ethics in all our business dealings, emphasizes good corporate governance, and promotes personnel responsibility in forging integrity and trustworthiness for oneself and others. Our employees work with transparency, full disclosure and accountability, do not tolerate wrongdoings in the company, as well as obeying all rules, regulations, and the Company's Code of Ethics.

FINANCIAL HIGHLIGHTS



Remarks: <sup>1</sup> Excludes interest income, dividend income, share of profit from associates, and non-recurring income



Remarks: <sup>2</sup> Excludes non-recurring items

<sup>3</sup> Subject to AGM 2020 approval

## Financial Highlights

As at 31 December	2015	2016	2017	2018	2019
Operational performance of assets under Central Pattana's management					
Leasable Area (sqm.)	1,732,999	1,767,302	1,836,902	1,873,860	1,982,760
Retail	1,561,090	1,595,248	1,663,744	1,700,308	1,809,019
Office	170,342	170,487	171,591	171,985	172,173
Hotel (room)	561	561	561	561	561
Residential for rent	1,567	1,567	1,567	1,567	1,567
Occupancy Rate (%)					
Retail	94	94	92	93	93
Office	98	97	94	96	94
Hotel	77	83	85	85	81
Residential for rent	30	21	21	23	27
Consolidated Financial Results (Unit: '000 Baht)					
Total Revenues <sup>1</sup>	25,713,003	29,233,920	30,875,333	34,949,351	38,103,997
Revenue from Rental & Service, Food Center, Hotel and Real Estate Sales	24,282,565	27,633,700	28,785,006	33,728,443	36,719,392
Cost of Rental & Service, Food Center, Hotel and Real Estate Sales	12,633,723	14,040,598	14,518,160	16,462,936	18,086,342
Gross Profit <sup>2</sup>	13,079,280	15,193,322	16,356,913	18,443,905	20,017,665
Net Profit	7,880,310	9,243,797	13,567,645	11,215,653	11,738,405
Adjusted Net Profit <sup>2</sup>	7,745,912	9,243,797	9,892,890	10,822,653	11,621,395
Consolidated Financial Position (Unit: '000 Baht)					
Total Assets	103,044,632	104,527,348	120,573,590	161,707,826	169,933,034
Total Liabilities	56,243,515	51,522,547	56,693,804	87,532,089	89,470,771
Net Interest-Bearing Debt <sup>3</sup>	18,297,518	14,700,513	4,168,025	27,331,567	30,155,405
Total Equity	46,801,117	53,004,802	63,879,787	74,175,737	80,462,263
Retained Earnings	35,174,147	41,276,432	51,114,634	55,231,535	61,681,482
Issued and Paid-up Share Capital	2,244,000	2,244,000	2,244,000	2,244,000	2,244,000
Total Number of Shares ('000 Shares)	4,488,000	4,488,000	4,488,000	4,488,000	4,488,000



As at 31 December	2015	2016	2017	2018	2019
Consolidated Financial Ratios					
Net Interest-Bearing Debt to Equity <sup>3</sup> (time)	0.39	0.28	0.07	0.37	0.37
Gross Profit Margin <sup>2</sup> (%)	50.87	51.97	52.98	52.89	52.53
Net Profit Margin <sup>2</sup> (%)	29.10	30.70	31.03	30.06	29.36
Return on Assets (%)	8.21	8.91	12.05	7.95	7.08
Return on Equity <sup>4</sup> (%)	18.12	18.87	23.84	17.59	17.03
Earnings per Share <sup>5,6</sup> (Baht)	1.76	2.06	3.02	2.50	2.62
Adjusted Earnings per Share <sup>2,5</sup> (Baht)	1.73	2.06	2.20	2.41	2.59
Book Value per Share <sup>4</sup> (Baht)	10.24	11.59	13.77	14.64	16.07
Dividend per Share (pay in the following year) (Baht)	0.70	0.83	1.40	1.10	1.30 <sup>6</sup>
CPN Stock Price <sup>7</sup>					
Market Cap of Year End (mn Baht)	210,936	254,694	382,602	335,478	279,378
Close Price as of Year End (Baht)	47.00	56.75	85.25	74.75	62.25
High Price (Baht)	49.25	61.75	87.00	87.25	81.25
Low Price (Baht)	39.75	43.00	53.75	68.25	58.50
Average Price (Baht)	44.61	54.35	68.95	78.30	70.87
P/E (times)	27.08	28.50	28.42	30.47	26.36
P/B (times)	4.79	5.11	6.42	5.24	4.08

Remarks: <sup>1</sup> Excludes interest income, dividend income, share of profit of associate, and non-recurring incomes

<sup>2</sup> Excludes non-recurring items

<sup>3</sup> Net interest-bearing debt excludes loans from related parties, net of cash, cash equivalents and short term investments

<sup>4</sup> Excludes non-controlling interest in subsidiaries

<sup>5</sup> Basic earnings per share only attributable to ordinary shareholders

<sup>6</sup> Subject to AGM approval

<sup>7</sup> Data from SETSMART

# MESSAGE FROM THE BOARD OF DIRECTORS



## To The Shareholders

For nearly 40 years, Central Pattana Public Company Limited is proud to be the leading property developer in Thailand and a role model organization reputable both domestically and internationally. With the purpose to create the “Center of Life” for people of each community, we have stood by the Thai people to create happiness in their lives and continuously drive the country’s economic growth. By 2019, the Company has developed 34 retail projects both in Thailand and overseas, progressed with other businesses and formed many business partnerships to create new services and deliver positive experiences to customers, as well as continue to transform and modernize shopping centers, to strengthen its business to deliver sustainable growth for all stakeholders.

The year 2019 marks another glorious chapter for the Company in its journey towards becoming a top regional property developer under the mixed-use development strategic direction. Firstly, the successful inauguration of Central i-City in Malaysia marks the first international project for the Company and is the largest shopping center in Shah Alam, Selangor, attracting both local customers and those from Kuala Lumpur and Klang. The Company also successfully introduced a new retail format through Central Village, the first international luxury outlet in Thailand, the first phase of which features more than 130 outlet brands and is met with overwhelmingly positive reception from customers. Apart of new retail projects, the Company also launched a series of residential development projects, such as ESCENT PARK VILLE CHIANGMAI, adjacent to the shopping center in Chiangmai and have quickly amassed a considerable amount of bookings, and two projects under development to be officially launched in early 2020, namely ESCENT TOWN in Phitsanulok and NINYA KALAPAPRUEK in Bangkok. Furthermore, the Company announced the plan to develop of 3 new mixed-use development projects at Ayutthaya, Si Racha and Chanthaburi, which will progressively be completed during 2021-2022, to expand our business and generate good returns going forward.

Apart from the development of new projects, the Company emphasizes on the transformation of existing shopping centers to further modernize and enhance their qualities.

In 2019, asset enhancement programs were carried out at Central Chiangrai, Central Chonburi and Central Lardprao to incorporate brand-new elements and concepts that offer the best and dynamic experiences. The programs brought about additional leasable area and parking buildings at Chiangrai and Chonburi, improved the accessibility to the shopping center via connection to the new train station at Lardprao, and featured new destination concepts, such as Northern Village in Chiangrai, which offers a large collection of renowned localized products and specialties, and Social House in Chonburi, which integrates working space with the food center to create a study and learning community for students. Furthermore, certain global landmarks were created, such as “TRIBHUM: The Mystic of Three Worlds” and “AQUARIA PHUKET”, both of which are world-class attractions at Central Phuket, followed by the new luxury zone that featured top luxury brands for the first time in the region, thus elevates Central Phuket to be the top global destination for shopping and leisurely experiences in southern Thailand.

One of the accomplishments towards becoming a leading fully-integrated property developer is forging strong and successful business partnerships to collaborate and co-create new services, innovations and experiences to customers. In 2019, the Company, jointly with Dusit Thani Public Company Limited, unveiled “Dusit Central Park”, a world-class mixed-use development project at finest location in the heart of Bangkok’s central business district.

The Company also invested in Grab Thailand to enhance and broaden the service offers to customers through offline and online platform integration, as well as teamed up with Common Ground Group from Malaysia to introduce the first Common Ground Co-Working Space in Thailand to meet the lifestyle of new generation workers. Last but not least, the Company secured Mitsubishi Estate Asia Pte., Ltd. (MEA), a leading global outlet developer, as a partner for Central Village with the ambition of elevating the project to become the top luxury outlet in the ASEAN region.

The Company firmly believes that the development in the well-being of society, communities and the environment is the core foundation towards sustainable growth. In 2019, carrying the momentum of prior successes, the Company conducted various tenant development initiatives, such as CPNLead (Leading Entrepreneur Advanced Development) program for the third successive year to enhance the capabilities of new-generation businesses in face of the retail disruption age and the Retail Academy across Thailand to develop and educate local business owners. Moreover, the Company facilitated areas in the shopping centers as marketplaces for community-level businesses to offer their products and services to consumers, such as the “Jing Jai Farmers’ Market” in collaboration with the Central Group to promote agricultural products in each province to the market in a value-added fashion, thus creates jobs, income and shared values amongst each community. With regards to environmental development, the Company carried out resource conservation initiatives under “Journey to Zero”, the organizational campaign that promotes the use of clean energy and minimize carbon emission with a fortitude towards safeguarding and improving the well-being of the environment. In 2019, the Company successfully implemented solar cell system at 4 new locations, bringing the total to 8 locations that generates total electricity from solar energy at 9,045 megawatts per hour (MwH), an increase of 46% from the previous year.

The accomplishments to the business plan outlined above are reflected in a solid and continuous growth to the Company’s 2019 financial performance, which shows total revenue at Baht 38,403 million and net profit at Baht 11,738 million, or a growth of 9% and 5% respectively from the prior year. Furthermore,

the Company maintained a robust capital structure with ample liquidity to not only to support ongoing businesses under varying circumstances but can also accommodate its investment plan and new investment opportunities with good short-term and long-term returns. Currently, the Company is in the process to complete transactions with CPN Retail Growth Leasehold REIT (CPNREIT), which includes the leases of four new assets and a 30-year lease extension for the Rama 2 project. The transactions are expected to conclude in 2020, which will further enhance the Company’s capital structure.

The Company received worldwide accolades and recognitions of excellence in multiple dimensions, especially for its achievements in sustainability. With its selection into the 2019 Dow Jones Sustainability Indices (DJSI) World for the second consecutive year and the DJSI Emerging Markets for the sixth consecutive year, the Company remains the first and only property company from Thailand to achieve such an illustrious feat. Moreover, the Company is awarded the “Best Sustainability Award” and selected amongst the exclusive listed companies under the Thailand Sustainability Investment (THSI) for the fourth consecutive year in 2019 by the Stock Exchange of Thailand. Aside from its sustainability excellence, the Company is recognized for its marketing, financial and business excellence through the Thailand Corporate Excellence Awards 2019. In addition, the Company is honored with an induction to Thailand’s Top Corporate Brand 2019 Hall of Fame with the most valuable brand value in the property development sector for six consecutive years, The Best of DRIVE Awards 2019 in the Property & Construction Business, along with many other awards received. These heartfelt awards and recognitions are the major source of pride and motivation for the management and employees of the Company to give their utmost efforts to uphold the honor of a role model organization in Thailand and on the world stage.

In 2020, the Company will reach a milestone of 40 years as a Thai property developer that pioneered the Center of Life throughout the country to bring happiness to and elevate the quality of life of every Thai. With the aspiration to become a regional leader by creating a better and sustainable future for all, the Company set about a business plan that can both drive growth in its financial performance and support the

sustainability of small and large businesses alike, as the Company have always done so. The overall business outlook remains challenging, particularly with the growth pressure for Thai and global economies, the fast-changing and ever-increasing sophistication of consumer preferences, and the holistic impact to the economy following the outbreak of the coronavirus disease 2019 (COVID-2019). To combat the challenges, the Company closely monitors the situations, constantly assesses the impact to the business plan and develop mitigation strategies not only to its financial performance but also to the tenants, lessees, customers and other organizations, all of whom played crucial roles in co-creating the Center of Life for the past 40 years and will continue to be a part of our journey towards sustainable growth.

On behalf of the Board of Directors, we express our earnest gratitude towards all of our stakeholders: the shareholders, tenants, lessees, customers, partners, financial institutions, the public media and every affiliated public and private sector organizations, for their confidence and continuous support to our business. Our appreciation also goes to all our personnel who have dedicated their best effort under good governance principles to best serve our customers and tenants, delivered growth through business expansion, and cooperation to achieve energy savings and vigorously to support the well-being of the environment, the community and society. The Company is committed to conducting business with good governance and social responsibility at its heart in the best interests of all stakeholders and hopes that, in return, will continue to receive great support and confidence to grow sustainably together.



**Mr. Suthichai Chirathivat**  
Chairman



**Mr. Preecha Ekkunagul**  
President and CEO

# REPORT OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE

## To the Shareholders

Consisting of four qualified independent directors, the Audit and Corporate Governance Committee is chaired by Mr. Paitoon Taveebhol, who is knowledgeable and duly experienced in reviewing financial statements, with Mr. Karun Kittisataporn, Mrs. Jotika Savanananda and Mr. Veravat Chutichetpong serving as members.

This year there were a total of 11 meetings, where the Committee consulted the management, the internal auditor, and the external auditor on related matters and obtained data from other management team members on agenda items related to all its charter duties. The Committee freely provided candid views and recommendations. It reported its performance to the Board of Directors in eight meetings, with the following highlights of performance and views.

### Accuracy, completeness, and reliability of financial reports

Reviewed were the quarterly and annual financial statements, key accounting policies and significant financial reports. After the Committee's consideration of the audit scope and plans, audit methods, and detected issues jointly consulted with the management and the external auditor, in addition to two meetings with the external auditor in the absence of the management to discuss the auditor's freedom for carrying out its duties, its view was that the Company's financial reports, prepared under the accounting policy designed by the Federation of Accounting Professions, were accurate, complete, and reliable with a sensible choice of accounting policies.

### Sufficiency of Internal Control System, Internal Audit, Risk Management, and Corporate Governance

The Audit Committee was this year renamed the Audit and Corporate Governance Committee (ACGC), with its charter duly amended to also efficiently oversee good governance under best practices while advising the Company on sustainable business, notably on environmental preservation, including energy saving, waste management, and water recycling. Such attention has contributed to Central Pattana's winning the Sustainability Excellence Award 2019 (Best) at the SET Awards 2019 ceremony.

The Committee reviewed the findings of internal audit and the external audit on internal control system assessment, reviewed to ensure risk management practices, and assessed

comprehensive risks with an emphasis on the application of Big Data to analyze events potentially affecting the Company's future business.

The Committee takes seriously Central Pattana's complaint-handling process, which forms part of the anti-fraud process. This year it acknowledged amendment to the complaint-handling process for greater efficiency, reviewed the approach for handling human rights matters, acknowledged implementation of the anti-fraud policy, specifically the No Gift Policy, and assessed employees' understanding of good governance.

It was the Committee's view that Central Pattana's internal control system was adequate and appropriate under the COSO Framework and the CG Code.

The Committee also reviewed and endorsed the annual internal audit plan, prepared under a risk-based approach. Such audit was of the integrated audit type (IT and non-IT) to embrace all aspects of risks and controls. In addition, they looked into technical IT audit, which focused on system security. The Audit and Corporate Governance Committee regularly met with Internal Audit Office in the absence of the management and actively drove the development of Internal Audit's manpower, while promoting development of the audit system, notably the analytics for its greater efficiency and effectiveness.

Also, quality assessment of internal audit is scheduled by the Committee every year, this year the outcome being regarded as good. The Committee's opinion was that Internal Audit had observed the defined international standards of internal auditing.

#### Compliance with securities and exchange laws, SET's requirements, and applicable laws

Reviewing compliance with securities and exchange laws, the requirements of the Stock Exchange of Thailand ("SET"), and applicable laws, the Committee regularly monitored remedial approaches of the management, while overseeing revision of the Code of Conduct and the Corporate Governance Policy in line with new and international standards. It assigned the management to review Central Pattana's performance to ensure compliance with the CG Code. Finally, the Committee regarded Central Pattana's practices as being in compliance with all the above laws and requirements.

#### Related party transactions or transactions with potential conflicts of interest

The Audit and Corporate Governance Committee especially values the quarterly reviews of related party transactions as well as those transactions that may involve conflicts of interest under all laws and regulations of SET. The management has reported to the Committee on a quarterly basis. The Committee has stressed that all involved parties comply with the stipulated policies. It assigned External Auditor to monitor and verify of all these transactions annually. The Committee considered these transactions part of the normal course of business with regular commercial (arm's length) conditions, sensible and fair conditions, and in Central Pattana's best interests.

#### Suitability, review, selection, and nomination of the external auditor

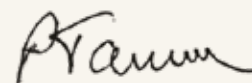
The Audit and Corporate Governance Committee assessed the independence of the external auditor and reviewed their performance of 2019. The overall performance was considered remarkable, and the external auditor has been duly independent in its audit activities. Additionally, the Committee held two meetings with the external auditor in the absence of the management to seek its opinions on audit activities and coordination issues with related members of the management.

In selecting and nominating the external auditor for 2020, the Committee has considered the performance outcomes, work scope, and work volumes compared with the proposed audit fees for 2020 and agreed to nominate KPMG Phoomchai Audit Ltd. ("primary external auditor") to provide its views on the consolidated financial statements of Central Pattana and its subsidiaries for 2020 and approved its 2020 audit fee of up to THB 8,960,000 together with a fee of up to THB 823,000 for the secondary auditor(s) of Central Pattana's selected subsidiaries registered in other countries.

#### Overall views and remarks on conformance to the Audit and Corporate Governance Committee Charter

The Audit and Corporate Governance Committee engaged in self-assessment of its overall performance for 2019 on January 10, 2020. This assessment was in three parts: first, the overall activities during the year; second, the specific activities, namely 1) reviewing of the financial reports for accuracy and adequacy, 2) reviewing the effectiveness and efficiency of internal control systems and internal audit practices, 3) reviewing compliance with all the requirements of the securities laws, SET's requirements, and applicable laws, 4) selection and nomination of the external auditor, 5) reviewing related party transactions, and 6) preparing its own report; and third, roles in corporate governance.

The Audit and Corporate Governance Committee's overall view is that it has performed the duties and responsibility stated in its Board-approved charter sufficiently and thoroughly with due competence, care, prudence, independence for all stakeholders' equitable interests, and emphasizes the Company's sustainable development in line with good corporate governance principles.



**Mr. Paitoon Taveebhol**

**Chairman of the Audit and  
Corporate Governance Committee**

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE



## To the Shareholders

In 2019, the Nomination and Remuneration Committee held four meetings and reported its performance to the Board for acknowledgment after each meeting, summarized below:

1. Recruited suitable candidates for tabling to the Board and the 2019 Annual General Meeting of Shareholders (AGM) for consideration. Central Pattana offered individual shareholders a chance to nominate directors from September 28, 2018 to January 15, 2019. Since no candidates were nominated, the Committee recommended that the directors who completed their terms in 2019 should be reappointed to another term. The 2019 AGM approved the appointment of all nominated directors.
2. Considered the 2019 remuneration for the Board and the sub-committees, comprising the Audit Committee, the Nomination and Remuneration Committee, and the Risk Policy Committee, and then submitted to the Board and the shareholders' meetings for consideration and approval, taking into account their responsibilities and performance related to revenue earned and other relevant factors. The remuneration amounts are also compared with industry peers and met with approval from the shareholders.



3. Evaluated the President & CEO's performance in 2018 and worked with the President & CEO in setting goals and evaluation methods for his performance in 2019.
  4. Reviewed the succession plan for the President & CEO, with his involvement in the review and data presentation.
  5. Acknowledged the Company's 2019 Board diversity information, which comprises the number of independent directors, their gender, age, tenure, and Board Skill Matrix, as information for the consideration on the nomination of qualified candidates who are knowledgeable and skillful in diverse fields relevant to the Company's business operation; and, reviewed the opinions and suggestions from shareholders over the Company's Board composition and structure.
  6. Acknowledged the 2018 Employee Bonus Payment Policy and provided suggestions to the management as supporting guidelines for deciding reasonable payment.
  7. Acknowledged the outcomes of the Committee's self-assessment for 2018 as input for the development of its performance in line with corporate governance practices.
  8. Monitored and provided comments on the policy and practices of human capital management and organizational management, including plan and operation in 2019, recruitment, turnover rate and staff development plan.
  9. Acknowledged the change in the Company's management structure that aims at enhancing management efficiency and flexibility.
  10. Acknowledged the corporate governance and sustainability practices relating to the Nomination and Remuneration Committee, in comparison with the Corporate Governance Report of Thai Listed Companies issued by the Thai Institute of Directors, the ASEAN Corporate Governance Scorecard, and the Dow Jones Sustainability Indices.
  11. Reviewed the Charter of the Board and that of the Nomination and Remuneration Committee. No amendment was made in 2019 since the contents in the current charters are still duly complete and suitable.
  12. Reviewed Central Pattana's Employee Joint Investment Program (EJIP).
  13. Reviewed the Charter of Lead Independent Director and proposed the appointment.
- The Nomination and Remuneration Committee cautiously completed its duties with integrity, based on the responsibilities designated in its charter. It adhered to the principle of good governance adequately and suitably for the balanced and sustainable benefits of all stakeholders.



**Mr. Karun Kittisataporn**  
Chairman of the Nomination and  
Remuneration Committee

# REPORT OF THE RISK POLICY COMMITTEE



## To the Shareholders

Sustainable risk management is highly valued at the Company as a means of fostering confidence in goal achievement for stakeholders and reduction of potential losses. The Company is committed to developing comprehensive business risk management and turning it into a corporate culture. Identified key risk factors span all aspects at the corporate and business unit levels, after which suitable risk management strategies are applied to minimize and keep them manageable under the supervision of the Risk Policy Committee. At the same time, the Risk Management Committee engages in the management of risks. This year the Risk Policy Committee held four quarterly meetings. The performance outcomes are highlighted below:

1. Reviewed annual corporate risk issues: Taken into account were the dynamics of external changes in economic, social, climate, and technological innovation aspects affecting consumers' behavior, coupled with increasingly fierce competition. Also considered were internal factors

so as to define a risk universe of five key risks: strategic, operational, compliance, financial, and hazard risks. The opinions of both committees and the management were also surveyed to jointly assess key corporate risks. Details about each of these appear under Risk Factors (page 80).

2. Reviewed emerging risks with potentially significant impacts on the Company's mission, goals, strategies, or operations. Below are the risks considered by the Risk Policy Committee:
    - Management risks in conducting new business or different and competitive business environment for growth in accordance with the Company's goals. In addition to creating and improving existing businesses, the Company seeks to expand its business through mergers and acquisitions. Central Pattana has prepared to support the new frontier by management restructuring, recruiting and developing personnel, changing policies and work processes.
    - Adaptive risks of management in response to changes in technologies and new business models. The Company has taken steps to manage these in many areas including 1) human resource development has reviewed and developed functional courses and curricula for various departments and disseminated information about digital technologies to educate employees, 2) adopting the principles of Agile and OKRs to help transform the model and work methods, 3) transformation to become Digital HR by using technologies and digital tools for recruitment, employee development, registration, work history and fringe benefits management.
    - In 2019 the Company defined a new risk management area for compliance with personal data protection requirements in accordance with the Personal Data Protection Act (PDPA) B.E. 2562, which will become effective in May 2020. To assure compliance, the Company has reviewed work processes involving the personal information of various groups of stakeholders including data acquisition, storage, usage, transfer and data deletion. The Company has identified assurance measures including work procedural changes, IT system modifications and policies and relevant legal document changes so that the Company may comply with the law before the effective date.
  3. Approved the risk register, defined key risk indicators, and defined acceptable risks
  4. Tracked the status of key risks and reviewed risk response plans of risk owners
  5. Tracked branches' risk management, constantly revising branch risks and mapping out mitigation plans for all branches
  6. Endorsed revised risk management plans fitting the current business and execution with an eye for efficient risk management.
- The Risk Policy Committee constantly reported risk management outcomes to the Board of Directors. This year the Risk Policy Committee and the Risk Management Committee comprehensively reviewed risk factors while regularly managing and tracking key risks. Central Pattana has efficiently managed key corporate risks to manageable levels, which has promoted its full achievement of goals under its vision and mission.



**Mr. Paitoon Taveebhol**  
Chairman of the Risk Policy Committee

# BOARD OF DIRECTORS



01



02



03



04



05



06



07



08



09



10



11



12

01

**Dr. Supachai Panitchpakdi**  
Honorary Chairman

02

**Mr. Suthichai Chirathivat**  
Chairman

03

**Mr. Karun Kittisataporn**  
Lead Independent Director

04

**Mr. Paitoon Taveebhol**  
Independent Director

05

**Mrs. Jotika Savanananda**  
Independent Director

06

**Mr. Veravat Chutichetpong**  
Independent Director

07

**Mr. Suthikiati Chirathivat**  
Director

08

**Mr. Sudhisak Chirathivat**  
Director

09

**Mr. Sudhitham Chirathivat**  
Director

10

**Mr. Kobchai Chirathivat**  
Director

11

**Mr. Prin Chirathivat**  
Director

12

**Mr. Preecha Ekkunagul**  
Director

# EXECUTIVE MANAGEMENT



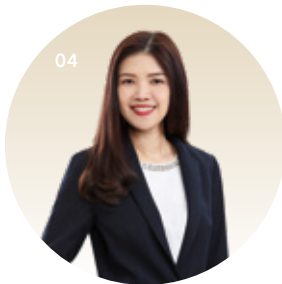
01



02



03



04



05



06

01

**Mr. Preecha Ekkunagul**

President &amp; CEO

02

**Ms. Wallaya Chirathivat**

Deputy Chief Executive Officer

03

**Mr. Suthipak Chirathivat**Senior Executive Vice President,  
Office of the President

04

**Ms. Naparat Sriwanvit**Senior Executive Vice President,  
Finance, Accounting  
and Risk Management

05

**Mr. Chanavat Uahwatanasakul**Senior Executive Vice President,  
Development Workgroup

06

**Mr. Lertvit Pumipitak**Senior Executive Vice President,  
Property Management

# MILESTONE DEVELOPMENT IN 2019

## February

### The Opening of “TRIBHUM: The Mystic of Three Worlds”

TRIBHUM is the world's first 3D walkthrough theme park solidifies the position of Central Phuket Floresta as “The World's Must Visit Destination in Thailand” to provide meaningful and enjoyable experiences about the infamous Thai myths and folklores, portrayed in contemporary presentations, to both local and foreign visitors. The iconic attraction is a well-blended component of Central Phuket as the world's shopping and leisure destination of choice.



## March

### The Soft Opening of Central i-City

Central i-City is the first international shopping center and the 33<sup>th</sup> shopping center of Central Pattana. Central i-City is a part of the i-City Utopolis, one of the country's largest mixed-use development complexes located in the city of Shah Alam, Selangor State, Malaysia, and is conveniently accessible from the districts of Shah Alam, Klang, and Kuala Lumpur. Central Pattana and i-Berhad Group, a leader in real estate development in Malaysia, have jointly developed Central i-City, through 60% and 40% investment proportions respectively.

## April

### Announcement of Dusit Central Park Project

Central Pattana and Dusit Thani Public Company Limited (DTC) have jointly announced the inauguration of Dusit Central Park, the most prominent mixed-use development project at the heart of Bangkok central district located across a 23-rai land at the corner of Silom Road and Rama 4 Road and seamlessly connected with the mainstream mass transit systems, such as the BTS skytrain and the MRT subway. The project comprises the Central Park shopping complex, the Central Park Offices, the brand-new Dusit Thani Bangkok Hotel and a residential project under the brands “Dusit Residences” and “Dusit Parkside”. The construction of the project is underway and is expected to be progressively completed and open for service from 2023 onwards.

### The Opening of a World-class Luxury Zone at Central Phuket Floresta

Central Phuket Floresta opened a world-class luxury zone, gathering the best of global luxury brand, such as BALENCIAGA, BVLGARI, CHLOÉ, GUCCI, HERMÈS, LOUIS VUITTON and VERSACE, fulfilling high-end and tourist customers. This made Phuket to be the perfect ‘Beach Lifestyle Destination’ integrating tourism, luxury and relaxation under the concept of “The Magnitude of Luxury & Leisure Resort Shopping Destination”.

### Dividend Payment of Baht 1.10 per Share

The Annual General Meeting of Shareholders No. 1/2019 on April 26, 2019, approved the dividend payment from the 2018 financial results at Baht 1.10 per share, totaling to Baht 4,936,800,000 of dividend paid or a dividend payout ratio at approximately 44.0% of net profit in 2018, in accordance with the dividend policy.

## ○ May

### **Investment in Bayswater Company Limited (Bayswater)**

On May 17, 2019, Central Pattana acquired ordinary shares in Bayswater from BTS Group Holdings Public Company Limited (BTS) accounted for 50% of the total issued and sold shares of Bayswater. The investment could enhance Central Pattana's latency to compete as well as expand revenue base from land bank at Paholyothin Road where potentially develop the Mixed-use project in the future including boost up management efficiency and reduce risks of entering the share acquisition made by others.

### **Investment in Grab Thailand**

On May 30, 2019, Central Pattana invested in Chipper Global Limited through a subsidiary company namely Central Pattana Chiangmai Company Limited with 100% stake. Implied an investment in Porto Worldwide Limited, a joint venture company between Central Retail Corporation Public Company Limited (CRC) and Central Pattana with 33% stake through Chipper Global Limited. The objective is to invest in Grab businesses in order to enhance channel for business expansion including increase traffic as well as food delivery service which could enhance tenant's sales.

## ○ June

### **The Grand Opening of Central i-City**

The grand opening of Central i-City held on June 15, 2019, which received good responses from shoppers as well as number of tenants continue to increase after the soft opening on March 23, 2019. The occupancy rate continues to grow throughout the year.

## ○ July

### **Pre-sales Launch of ESCENT PARK VILLE CHIANGMAI Condominium Project**

The third condominium project next to Central Chiangmai, interior was designed under Colonial style together with the greenery view of courtyard. This project consists of 2 buildings with 8 storeys condominium, a parking building with 4 storeys, a club house, and a multi-purpose building.

## ○ August

### **The Opening of "AQUARIA Phuket" at Central Phuket Floresta**

"AQUARIA Phuket" is the largest aquarium in Thailand with an area over 10,000 sqm. under the concept of "An Ocean of Myth and Legend" inspired from 'The legend of Himmaphan forest' and Thai culture. The aquarium compile over 300 species with total of 51,000 aquatic animals where representing an 'Andasi', an exclusive largest Bar & Restaurant underwater world in ASEAN. The restaurant is under format of luxury Fine-Dining restaurant. Moreover, shoppers can enjoy 4D Trick Eye Museum, the first Augmented Reality Art Museum in the world, at B1 AQUARIA Phuket.

### **The Opening of Central Village (1 phase)**

Central Village is the first luxury outlet format in Thailand and the 34<sup>th</sup> shopping center of Central Pattana. The design expressed on Thai identity architecture impeccably harmonized with the serene outdoor nature to create a shopping destination located close to Suvarnabhumi Airport offering more than 130 shops serving both local and tourist customers. The first phase accounted for approximately 20,000 sqm.



## September

### The Opening the first Common Ground Co-Working Space in Thailand

Central Pattana debut the first “Common Ground Co-working space” in Thailand at the G Tower office building located in Rama 9 next to Central Rama 9. The 4,500 sqm. co-working space is a joint venture between Central Pattana and Common Ground Malaysia to create destination in the New CBD of Bangkok, serving new generation of workers and start-up entrepreneurs whose preferences are not limited to home and office, and are immersed with work and living integration with the shopping center. Furthermore, Central Pattana targets to open another new Common Ground Co-working space at The Offices at centralwOrld.



### Member of the Dow Jones Sustainability Indices (DJSI)

Central Pattana has been selected to be a membership of Dow Jones Sustainability Indices (DJSI). Central Pattana is the only property developer company and one of twelve company in Thailand that has been selected to be a membership of DJSI World for two consecutive years (2018-2019) and DJSI Emerging Market for six consecutive years (2014-2019) reflecting the philosophy of sustain business sense which be aware of community, environment and all stakeholders to drive a sustain social and community.

## October

### Announcement of 3 New Mixed-Use Development Projects and Asset Enhancement initiatives at over 14 locations by 2022

Central Pattana announced 3 news projects in prime locations including Ayutthaya, Si Racha and Chanthaburi, to reinforce Thailand's economy in line with the government's National Economic Development Plan, and to create 'Center of Life' in every province throughout Thailand. These three mixed-use development projects including:

- Central Ayutthaya mixed-use project comprises of Shopping Center, Convention Hall, Hotel and Residence under the concept of 'The Prosperity of Ayutthaya' with targeted opening in 2021.
- Central Si Racha mixed-use project comprises of Shopping Center, Convention Hall, Hotel, Office, Residence and Education Center under the concept of 'Living Green in Smart City of EEC Center' with targeted opening in 2021.
- Central Chanthaburi mixed-use project comprises of Shopping Center and other mixed-use development under the concept of 'The Shining Gem of EEC Plus 2' with targeted opening in 2022.

Moreover, Central Pattana announced re-development and renovation plan totaling 14 locations, 2 of which are re-development: 1) Central Rama 2 to be The Largest Regional mall - Gateway of South Bangkok connecting all inner city border to transform those area to be the 'New Urbanized Districts' whilst allocate 37 rais to develop a huge green area, “Central Plearn Park” and 2) Central Ramindra, under the concept of 'Living Lab of Ramindra' to assist an incremental of population align with the growth of infrastructure i.e. Monorail-Pink Line. In addition, Central Pattana also plans to renovate another 12 existing shopping malls nationwide and to be completed by 2022.



### The Lease of Assets to CPNREIT

On October 17, 2019, Central Pattana agrees to lease out new assets to CPNREIT comprising four shopping centers, namely Central Marina (Partial) with a lease tenure of 15 years ending 2035, Central Lampang (Partial) with a lease tenure of 22 years ending 2041, Central Surat (Partial) with a lease tenure of 30 years, and Central Ubon (Partial) with a lease tenure of 30 years, with expected completion of the four transactions within 2020. Further, CPN is preparing to extend the lease of Central Rama 2 project to CPNREIT for an additional 30 years ending 2055. The leases of the 4 assets and the extension of the lease term at Central Rama 2 is expected to be completed within 2020, with the total value of all transactions up to THB 48,560 mn.

## November

### Mitsubishi Estate Asia Pte. Ltd. Entered a Partnership Agreement in Central Village

Mitsubishi Estate Company Limited (MEC) through its Singapore-based subsidiary MEA, one of the world's most prestigious real-estate developers, the company has successfully achieved prominent real estate developments across the globe, as well as nine outlets across Japan, such as Gotemba, Rinku and Shisui, which have developed and managed by the affiliated company of MEC. Under the agreement, Central Pattana is a majority shareholder with a 70% stake in CPN Village Company Limited, while MEA shares the remaining 30%. The two allies hope to push Central Village to the next level of success and towards the position of ASEAN's best luxury outlet with the idea of "Two Nations, One Success."



# AWARDS OF GREAT PRIDE



## Achievement Awards for Project Design and Development

### 01

#### Asia Pacific Property Awards 2019-2020

Award Winner for Retail Interior Thailand Tales of Thailand at Central Phuket Floresta

Organized by International Property Media, the award is amongst the world's largest and most respected awards programme in the real estate industry. In recognition of its leadership in the industry, Central Pattana has received the award for Retail Interior Thailand Tales of Thailand at Central Phuket Floresta for its distinguished design that embodies the contemporary lifestyles of customers.

## Achievement Awards for Marketing and Branding

### 02

#### Thailand's Top Corporate Brand Hall of Fame 2019

Jointly hosted by the Master of Science in Marketing Program of Chulalongkorn Business School, the Stock Exchange of Thailand and the Manager Media Group, the award was presented to Central Pattana for its achievement as the most valuable corporate brand in the public-listed property development sector for five consecutive years (2015-2019), securing its place amongst the Hall of Fame companies.

## Achievement Awards for Financial Management, Corporate Governance and Sustainable Development



### 03

#### Thailand Corporate Excellence Awards 2019

receives three awards as following:

- **HRH Princess Maha Chakri Sirindhorn's Trophy** for "Marketing Excellence"
  - **Distinguished awards** for Financial Management
  - **Distinguished awards** for Sustainable Development
- Presented by the Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.



### 04

#### The Best of DRIVE Awards 2019

The award was given to leading companies with noteworthy contributions to both effectively and efficiently drive the country's economy, as well as making the difference to benefit the society. This award was presented by The Chulalongkorn University Master of Business Administration (MBA) Alumni Association and the MBA Program, Faculty of Commerce and Accountancy, Chulalongkorn University.



### 05

#### AWEN Awards 2019 - Outstanding ASEAN Women Entrepreneurs 2019

The award was granted to Ms. Wallaya Chirathivat, Deputy CEO of Central Pattana, who is the accomplishments of extraordinary women entrepreneurs from each ASEAN Member State, through their commitment, vision, and leadership, have made remarkable impact in their field and in society. This award was recognized by ASEAN Women Entrepreneurs Network and Ministry of Social Development and Human Security.



## 06

### Awards for Sustainable Development

organized by the Stock Exchange of Thailand whereby Central Pattana received the following awards:

- **Best Sustainability Award 2019**

for a public company that has an outstanding in sustainable development chosen from a group of companies with market capitalization above Baht 100,000 mn.

- **Thailand Sustainability Investment 2019 Award (THSI)**

for the fifth consecutive year (2015 - 2019) and is awarded to public companies that conduct their businesses towards sustainable development, having excelled in environmental, social and governance (ESG) aspects. The award was established by the Stock Exchange of Thailand, corresponds to international standard and serves as information for investors to invest in high quality stocks with continuous returns in the long term.

MEMBER OF

**Dow Jones  
Sustainability Indices**



In collaboration with a RobecoSAM brand

## 07

### Member of Dow Jones Sustainability Indices (DJSI)

Second consecutive years member of DJSI World 2019 and sixth consecutive years member of DJSI Emerging Markets 2019

Central Pattana remains the first and only Thai property development company which had been selected to be a member of DJSI Emerging Markets for sixth consecutive years, and had been rewarded to DJSI World for second consecutive years in 2019. The DJSI comprises a series of globally renowned indices based on corporate economic, environmental and social performances. The DJSI is managed cooperatively by RobecoSAM and S&P Dow Jones Indices to assess leading companies from stock exchanges globally that demonstrate exemplary business performance, market capitalization, transparent management with sound corporate governance, and contribution to social and environmental well-being.

## 08

### “Excellent” CG Score on the Corporate Governance Report of Thai Listed Companies 2019 for Eleven Consecutive Years

Published by the Thai Institute of Directors Association (IOD) and commissioned by the Stock Exchange of Thailand, the report shows Central Pattana with “Excellent” CG score during 2009–2019.

## Achievement Awards for Environmental Conservatism



### 09

#### Thailand Energy Awards 2019

Presented by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy, as the pinnacle and internationally recognized award in Thailand for energy conservation and global warming reduction, Thailand Energy Award is given in acknowledgement of factories, buildings, personnel and supporters that resulted in meaningful energy saving and adoption of renewal energy. Central Pattana received four awards as follows:

- **Energy Conservation (Designated Building)**  
awarded to Central Pinklao, Central Lampang and Central Chiangmai Airport
- **Energy Conservation (EE Creative Building)**  
awarded to Central Rayong



### 10

#### Winner of ASEAN Energy Award 2019

The award was granted to Central Rayong for category of ASEAN Energy Efficiency and Conservation Best Practice Award - New and Existing Building. This award was recognized by The ASEAN Centre for Energy (ACE).



### 11

#### LEED Platinum in Commercial Interior Retail - Restaurant/Cafeteria

The award was granted to foodwOrld at centralwOrld, a food center under the management of Central Pattana. foodwOrld was granted the Asia's first LEED Platinum award for Commercial Interior Retail - Restaurant/Cafeteria, which shows its success in elevating green building design standard to be as equal as Leadership in Energy and Environmental Design or LEED is USA's green building certification programs.

# ECONOMIC AND INDUSTRY OVERVIEW

## 2019 Thailand Economic Overview

The GDP of Thailand grew 2.4% in 2019, a drop from a 4.2% growth in 2018 and the lowest growth rate since 2014. The weakening growth was projected through the year as a result of 1) lower growth of major economies such as the United States, Europe, and China in line with the Late Cycle Growth Rate, and negative effects of the trade war between the United States and China, resulting in shrinking overall Thai exports, 2) a small expansion of the household income from both agricultural and non-agricultural sectors, especially the non-agricultural sector, severely affected by export industries that slashed overtime costs and wages. However, there were stimulus economic measures from the government aiming to foster total private consumption's growth, 3) a slowdown in private investment caused by shrinking exports and delayed investment projects by the government, including Public-Private Partnership (PPP) projects, 4) a slower recovery of the tourism industry since the first quarter caused by concerns over the Chinese tourist boat capsizing incident in Phuket during mid-2018, along with the toxic haze in early 2019 and a slowdown of the Chinese economy, leading to a decline in Chinese tourist visitors to Thailand as a whole. However, there was a sign of recovery due to the exemption of fees of Visas on Arrival (VOA), protest in Hong Kong, and confrontation between South Korea and Japan. All these contributing factors encouraged a larger number of foreign visitors to Thailand.

Domestic private consumption increased by 4.5%, compared with 4.6% last year. Private spending (calculated from value-added tax collection) in the Northern region grew 5.3%, 2.1% in the Central region, 4.0% in the Northeastern region, and only 0.5 % in the Southern region. Nonetheless, private spending in Bangkok Metropolitan Area fell 1.1%, 6.0% in the Eastern region, and 1.3% in the Western region. Factors contributing to this were 1) the decreasing number of foreign visitors, 2) economic stimulus packages from the government to encourage low-income group spending and domestic travel, 3) the launch of the Loan-to-Value (LTV) measure, causing sales of houses and condominiums to decline in Bangkok Metropolitan Area, and major industrial cities. These contributing factors affected the middle-income group's expenditure but stimulated the low-income group's consumption, the largest group of Thais. Household debts were relatively high at around 79.1% per GDP, an increase

of 6.0% from last year, reflecting the expansion of household debts remaining higher than income, which expanded by 4.0-5.0%. This became an obstacle to growth of the overall domestic spending and the debt repayment ability of consumers for years to come.

Thai exports declined 3.2% in 2019 compared with 7.5% growth last year. This was the first drop in four years (since 2015), considered a consequence of the decline in most key export markets. Thai exports to these key markets grew 1.9% (the United States increased 11.8%, the European market shrank 6.6%, Japan fell 1.5%; the United States partially imported goods from Thailand in substitution of the Chinese market). Other high-potential markets dropped 6.6% (nine ASEAN countries plunged 8.2% and China fell 3.8%), while the middle-potential markets (Australia, Middle East, Russia, and the Commonwealth of the Independent States - CIS) decreased 5.2%. During the second half of 2019, Thai exports were also affected by the appreciation of the Baht currency, leading to weaker national competitiveness than other competitors. This then hindered the overall economic recovery of Thai exports in coming years.

Private investment grew 2.8%, compared with 4.1% growth in 2018, since the profitability and business confidence in investment continuously declined to result in unfavorable middle-term to long-term investment prospects of private businesses. This included delays of the government's mega-project investment and private sector alongside the severe downturn investment in the real-estate sector (homes, condominiums, and commercial buildings). The launch of new projects by developers went down 12% as a result of the LTV regulation.

The overall government spending expanded less than projected; public investment rose 0.2%, public consumption grew 1.4%, compared with 2.9% and 2.6% growth respectively in the previous year. One dominant factor was the delayed formation of the new government administration, which affected continuity of work, such as the disbursement of state enterprises' budgets on mega-investment projects, short-term economic stimulus packages, and the delayed preparation of the 2020 national budget. However, the economic stimulus packages ranging from the grassroots to the national levels helped cushion the overall economy.



In the tourism sector, 39.8 mn foreign visitors traveled to Thailand in 2019, an increase of 4.2% from last year. The largest portions of travelers by nationality are the Chinese (up 4.4%), Malaysians (up 3.6%), Indians (up 24.9%), South Koreans (up 5.1%), whereas the sharpest growth was in Indians (24.9%), Laotians (10.9%), and Japanese (9.1%). The total income from the tourism sector was Baht 1.9 tn, a rise of 3.1%.

The Baht's strength throughout 2019 averaged around Baht 31 per USD, an appreciation of 4.2% in line with the implementation of additional Quantitative Easing (QE) measures from major countries, such as the Federal Reserve Board, European Central Bank, Bank of Japan, and other central banks of Asia. This included the confidence of investors in the Thai economy, a current account surplus resulting in capital inflows.

## 2020 Domestic Economic Outlook

The overall Thai economy in 2020 has a tendency to grow lower than its potential. The Office of the National Economic and Social Development Council, projected a growth rate of 2.0%, slightly lower than 2.4% in 2019. Positive factors contributing to the growth this year are 1) progressive domestic demand from household spending, relatively low interest rates, government policy implementation to support the low-income group and agricultural sector, government and private investments, which are due for completion and commercial operation during 2020-2021. These could lead to the acceleration of budget disbursement for public spending, and relocation of production bases of foreign investors, 2) continual recovery of the export sector due to the optimistic rebound of the global economy and international trade. The International Monetary Fund (IMF) forecast that the global economy could expand 3.3%, higher than that of 2019 at 2.9%, and expansion in global trade of 2.9%, up from 1.0% last year, 3) the implementation of stimulus economic policies by the government through fiscal and monetary policy initiatives, aiming to inject money into the economy in accordance with planned budget expenditures, and the maintenance of low-interest benchmark rates through 2020.

Still, several challenges ahead of the Thai economy in 2020 are 1) the risk of major trading partners and the global economy growing slower than expected and appreciation of the Baht currency, leading to a negative effect on merchandise exports and the tourism sector, 2) political stability, the implementation of infrastructural investment projects, and government policy: these driving factors could enable constructive and continuing growth of the economy, 3) relatively high household debts with a tendency to soar beyond income, thus slowing down the overall expansion of private consumption, 4) the risk of drought weakening farmers' income, 5) the widespread outbreak of the Coronavirus 2019 disease (COVID-19) that affects the Thai economy and the tourism industry as a whole given the expected drop in the number of international visitors to Thailand during the severe widespread of the disease.

## 2019 Retail Industry Overview

The Thai retail industry accounted for 15.0% of the total GDP, and grew 3.1%, a decline from 10.8% growth last year. Under this growth, the sector of department stores and general shops rose 5.5% with a focus on consumer products and less on durable goods. The main purchasing power came from the middle-income and low-income consumers due to the economic stimulus measures issued by the government. Middle-income consumers had a tendency to spend less, however, because of the limited expansion of income from the household and non-agricultural sectors, including the accumulation of household debts, which still remained high. However, the spending by Thai and foreign tourists during the latter half of 2019 in Bangkok and other main popular cities are key contributing factors to driving growth in each region.

According to a research paper conducted by Jones Lang LaSalle (JLL) Thailand, the retail areas have continuously expanded. In 2019, retail areas grew 4.0%, or an increase of 294,000 sqm., allowing the overall retail areas in Bangkok Metropolitan Area to hit a record of 7,011,202 sqm. New retail-area opening in 2019 were occupied by shopping centers and department stores (65%), followed by community malls (19%), and hyper markets (14%). The occupancy rate was over 90.0%.

## Shopping Centers and Department Stores

The retail gross floor area of all shopping centers in Thailand stood at 20.5 mn sqm. and is expected to rise to 21.1 mn sqm. by 2020. New projects launched in 2019 were Central Village, The Bangkok Market, Cosmo Bazaar Lifestyle Mall (Muang Thong Thani) Mixt Chatuchak, Robinson Lifestyle Latkrabang, and Central Patong. An increasing number of projects were specifically designed to operate 24/7 (around the clock), such as Samyan Mitrtown and Donki Mall Thonglor, to serve changing lifestyles for customers. By 2020, major new projects launch to the market are Siam Premium Outlets, The Parq Project, Smile Square Project, Sunny Lasalle, Siamscape Project, Bowin Lifestyle Shopping Center, and Thalang Lifestyle Shopping Center.

Operators of shopping centers and department stores are now facing a new set of challenges originated by changing consumer behavior. Today, consumers demand higher degrees of personalization, convenience and speed to meet their experiential needs. Other challenges are consumers' preference for online shopping, lifestyle retail and new concept retail: a newly designed retail space tailor-made to fit lifestyles and the livelihood of consumers and tourists. The rapid growth of the food delivery business has created a negative impact on the visit frequency to shopping centers and department stores. With these challenges, operators of shopping centers and department stores therefore need to develop a new set of strategic moves and continuously improve their services to respond to the changing needs of customers who always look for new experiences.

## Community Mall and Lifestyle Retail

Retail stores located in community malls continually grew in 2019, aiming to provide services to customers in communities with a unique identity in line with the opening of chain stores, general shops, and reputable supermarkets inside community malls. Besides, several projects were modified to offer a more variety of choices for customers, like community malls combined with hotels, hospitals or even gas stations, with an increasing number of drive-thru retails. This included an expansion of the business hours for supermarkets to 24/7, fitness centers, and restaurants. In 2019, the areas were increased to 190,000 sqm. with new project launches, such as People Park Onnuch, VeLaa Sindhorn Village, The Whizdom 101, The Market Place Dusit, Porto Go Tha Chin, Att U Park Suvarnabhumi, Vi Plaza Vibhavadi, I'm Chinatown Project, and The Dragon Town Project.

The overall community mall and lifestyle retail market, both for retail and wholesale, is under active competition with shops in surrounding communities and large department stores and food delivery service. Business operators of this group must therefore adjust themselves to differentiate and respond to the changing needs and lifestyles of their target customers and tourists. These can be done by selection of shopping sites close to communities, renovation and expansion of projects, locating new and diversified tenants like those in large shopping centers, organizing market activities and promotions to retain their customer bases and attract new bases of customers, as well as providing convenient and complete facilities. All these efforts require uniquely skillful management under exposures of risks and rising costs.

## Hypermarkets and Convenience Stores

Operators of hypermarkets opted to expand their businesses to offer a greater variety of goods and services to better respond to the needs of customers in the communities rather than launching new facilities. Many operators continue to expand their businesses with small stores, with modification toward supermarkets, or known as 'super-convenience store' and 'convenience store'. These operators are mini Big C, Tesco Lotus Express, Tops Daily, and MaxValu Tanjai. Some now look like open markets as long as it supports the rapid expansion with ease, coverage of diversified customers, and

coverage of distant areas. Online shopping and delivery service have been offered to provide convenience to certain target customer groups, with higher and higher projected generated income following behavioral change of consumers toward speed and convenience.

The market for convenience stores remains focused on continual expansion of branches to maximally cover geographic space with more strategic concentration on franchising. To better respond to the changing consumer behavior and lifestyles, these convenience stores have been modified to offer a variety of hygienic foods and beverages for all age groups, and unique goods and services specific to the needs of local customers, with a focus on speed, modern outlook and use of high-tech applications. E-commerce and online shopping have been offered to provide more convenience and speed. More social media applications have been added to provide direct and effective communication with customers. Joint investment with foreign investors has been increased, pushing major operators in this sector to expand more branches and organize more activities and promotions to build and retain relationship with their customers.

## 2020 Retail Industry Outlook

The retail industry is expected to raise 2.0-3.0% in 2020, relatively close to the growth rate of 2019 in accordance with the sluggish economic recovery. However, economic stimulus measures taken by the government and infrastructural investment projects on transport are the major drivers stimulating related investment in this industry, hand in hand with continual launches of new mixed-use and brand-new projects. In 2020, retail space will increase to 150,000 sqm. in Bangkok Metropolitan Area because of several key project launches. Increasing supply goes in line with demand in the market, which is constantly rising with consumers' spending in the cities, especially by foreign tourists and changing lifestyles of city residents, encouraging tenants to rent more space and expand their businesses. This causes the rentals and occupancy rates to increase in the coming year.

Large shopping malls due for launches this year in Bangkok Metropolitan Area are Siam Premium Outlets, The Parq Project, and Smile Square Project, while Bowin Lifestyle

Shopping Center, Thalang Lifestyle Shopping Center, and Porto de Phuket by Central Group will be launched in provincial areas.

Six mega-shopping centers are expected to be launched in Bangkok Metropolitan Area during 2020-2022. Most are mixed-use projects designed to meet the lifestyles of city residents with a more variety of choices, which include 1) One Bangkok, a joint development project between TCC Assets (Thailand) Ltd., and Frasers Property Holdings (Thailand), located on Rama IV Road, 2) Dusit Central Park, managed by Central Pattana and Dusit Thani, located on Rama IV road, 3) EmSphere Shopping Center, the third shopping center under the management of the District Em, The Mall Group, situated in the Phrom Phong area, 4) The Mall 2 Ramkhamhaeng, 5) The Bangkok Mall, located at Bangna-Trat Junction, both managed by The Mall Group, and 6) The Forestias Project, under the Magnolia Group.

In addition, rapid development of infrastructural projects, advancement in the Eastern Economic Corridor (EEC), and the establishment of Special Economic Zones in several regions will register more progress this year, which lead to greater connectivity of economic activities domestically and internationally, including investment by the government and private sectors, particularly continual investment by foreign investors in coming years. These contributing factors boost employment in many areas and increase purchasing power on a large scale. All can attract the retail industry to further develop and launch more new projects, especially in cities situated in the EEC and surrounding areas, which have roads connected to a variety of transport ports in key provincial cities and their vicinity nationwide. These supportive factors encourage mixed-use projects, superstore malls, specialty stores, hand in hand with smaller shopping centers and department stores to gradually launch new projects.

Modern-day retail market competition has evolved to a different battleground. From competing among retail players, non-retail players have entered the market. Operators of office space have begun to offer retail shops in a new look known as 'retail podium' to meet the new lifestyle demand of customers. With a customer-centric concept, anyone can enter the retail industry only if they have shop fronts. Market competition has become much more active when many retail players have

adopted the e-commerce market channel, creating a bigger number of large competitors, consistently high competition. In the recent years, e-commerce has bigger portion in term of market share with high growth rate. Gearing toward creation of customer experience, the market competition factor is not limited to only pricing, but also differentiating services, leading the market to expand rapidly and increasing market shares for certain retail players.

Getting to fully understand evolving customer behavior and lifestyles is the key to retail business success, especially when changes of technology and customer needs are more rapid. Applying suitable technology to identify customer behavior and reduce costs of administration is crucial to the current retail business. Big-data analytics and artificial intelligence will likely become technologies of choice for all retail operators in 2020, including their integrated applications to enhance management and optimize the network and connection between online and offline, known as O2O (Online to Offline), together with the offering of service convenience and new experience.

## 2019 Property Industry Overview

The overall 2019 property industry remained sluggish since early in the year due to the global economic downturn, the US-China trade war, and tightened LTV regulation by the Bank of Thailand. The Ministry of Finance then decided to launch supportive measures to help relieve burdens for those who wanted to own residential properties in accordance with their financial status and income. The launching of 2.50% soft loans for a total limit of Baht 50 bn by the Government Housing Bank and the Ministry of Interior, through the Department of Lands, by lowering transfer fees from 2.0% to 0.01% and mortgage fees from 1.0% to 0.01% for buying new property units priced up to Baht 3 mn came into force from October 2019 to December 24, 2020. The Government Savings Bank decided to offer low-interest loans of 2.9% for a total limit of Baht 25 bn for buying new property units priced above Baht 3 mn and offered very low interest rates of 0.01% per month, or Baht 10 a month, to prop up the property market in late 2019. It was estimated that all measures would stimulate the purchasing power in the property market, accelerate the sales of unsold units, and foster domestic GDP growth.

## Residential Property Overview in Bangkok Metropolitan Area

According to the data surveyed by Agency for Real Estate Affairs Co., Ltd., 109,336 new resident units were added in 2019, equivalent to a 13% drop versus 125,118 units in 2018. In terms of values, new projects are worth Baht 438.373 bn by estimation, or 23% down from last year's value of Baht 565.811 bn. Real Estate Information Center (REIC) disclosed the overview of the 2019 Thai residential property by indicating that demand for residential property per ownership transfer rate could drop by 10.2% or a reduction of 7.1% in value. The supply of residential property including new project launches went down 12.7%, and newly registered residential properties fell 9.1% as a consequence of the current market situation with a lower purchasing power under the LTV regulation pressure and economic downturn. REIC projected the "unsold inventories" in Bangkok Metropolitan Area remained at 154,367 units, condominium at 65,636 units (42.5%), or the largest share, followed by townhouses at 31.8%, single detached homes at 17.1%, and the rests were twin houses and commercial buildings. The unsold inventories of 138,900 units were higher than the average of the past five years.

## Residential Property Overview in Provincial Areas

REIC forecast that the number of unsold inventories in 20 major provinces were around 109,000 units by year-end 2019 and 87,000 units by year-end 2020, 20.1% down year-on-year. These falls were an effect of the government's measures to stimulate the property market by lowering ownership transfer and mortgage rates to 0.01%, effective from November 2019 to year-end 2020, only for residential property units priced up to Baht 3 mn and excluding second-hand properties. These contributing factors could accelerate ownership transfers from developers and absorb the overwhelming market supply to equilibrium, less than the five-year average of 106,790 units.

## 2020 Property Industry Overview

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Key factors affecting the property industry in Bangkok Metropolitan Area in the fourth quarter of 2019 were the government's policy measure to boost residence purchases by the middle-income group through the reduction of ownership transfer and mortgage rates to 0.01%, which came into force on October 22, 2019, for properties priced up to Baht 3 mn. This included the launching of the "Housing Support Scheme" or "Ban Dee Mee Down" project aiming to support Baht 50,000 of down payment for buyers. With this project initiative, around 0.6% of the unsold inventories are expected to decline, and the total value of ownership transfer could fall 2.2% nationwide in 2019 from that of 2018, or remain stable based on the previous estimate of a 7.7% drop in units, and the value of ownership transfer would drop 2.7%. Besides, the economic stimulus measures in the property market effectively absorbed market oversupply, which led residential property supply to diminish next year, compared with no policy measures taken.

The demand for residential property is expected to steadily grow due to a tendency of low interest rates and the government policy to boost the real-estate sector, paving the way for constant expansion from late 2019, but likely not over 5.0%. New residential projects are to be launched continuously due to the stimulus policy measure from last year, which is relatively close to the new project launch in 2019. Therefore, developers need to prioritize the management of projects under construction to minimize unsold inventories in the market, as well as be mindful of new project launches, which could turn into a glut amid the fragile purchasing power, which is still lower than 2 years ago.

# NATURE OF BUSINESS



## Business Overview

Central Pattana Public Company Limited ("the Company" or "Central Pattana") was established under the name of "Central Plaza Co., Ltd." on June 17, 1980, with an initial registered capital of Baht 300 mn. In 1982, Central Pattana launched Central Lardprao, the first fully integrated shopping center in Thailand, followed by Central Ramindra Central Pinklao and Central Center Pattaya (currently Central Marina). Central Pattana was listed on the Stock Exchange of Thailand (SET) on March 1, 1995, with a registered capital of Baht 1,000 mn and a par value of Baht 10 per share. Currently, its paid-up capital is Baht 2,244 mn, with a par value of Baht 0.5 per share, of which the majority is held by Central Holdings Co., Ltd., and Chirathivat family members.

Central Pattana has been expanding its large-scale integrated shopping centers by developing new shopping centers in big cities and major provincial tourist destinations. This included the acquisitions of shopping centers such as Central Chiangmai Airport (1996), centralwOrld (2002), Central Rattanathibet (2003), Central Udon (2009) and Central Phuket Festival (2015). The expansion journey reached new heights in overseas market and the introduction of new retail format as seen in 2019, with the openings of Central i-City, the first international shopping center of the Company in Malaysia, and Central Village, the first luxury outlet in Thailand.

Committed to sustainable growth, Central Pattana has pursued sources of fund to optimize its currently operated assets. First, it established mutual funds for real-estate leaseholds called CPN Retail Growth Leasehold Property Fund (CPNRF) in 2005 and CPN Commercial Growth Leasehold Property Fund

(CPNCG) in 2012 to mobilize funds from domestic and foreign investors eyeing real-estate investment and reap benefits from such investment. At the end of 2017, it converted CPNRF into CPN Retail Growth Leasehold REIT or CPNREIT. Central Pattana serves as the trust manager and property manager for the trust and the fund.

In 2018, Central Pattana acquired 67.53% shares in Grand Canal Land Plc. (GLAND), whose assets consist of 1) The Ninth Tower office building ; 2) Unilever House office building, both of which have been transferred to the GLAND Office Leasehold REIT (GLANDRT) ; 3) G Tower office building ; 4) Belle condominium for sale and 5) four plots of undeveloped land: two for mixed-use project development and two for residential development. GLAND also represents an indirect investment in GLANDRT at 10.13% effective ownership, with GLAND REIT Management Co., Ltd., managing the trust.

Throughout its 39 years, Central Pattana has evolved its services to fit with the demands of customers and related parties by transforming shopping centers into the "Center of Life" for all with the following strategies:

- Innovation and Expansion: This relies on mixed-use development, piloting the development of shopping center projects in contemporary formats that addresses the needs of all customers, whether customer and community groups in the vicinity, who can drop by regularly, or tourist groups (Thais and foreigners) that desire to relax and pursue impressive experiences at shopping centers. This strategy also embraces the transformation of shopping centers into Centers of Communities, achieved through



the Destination Concept. Central Pattana incorporated the looks of new and existing shopping centers through renovation programs each year to turn them into destinations for all customers' activities. Instances are destinations for food, fashion, family activities, sports and health, and meetings of people with shared interests. Central Pattana has also grown its investment model to the development of assorted properties, namely shopping centers, residences, office buildings, and hotels, to supplement mutual value and that to the core shopping center business while optimizing land value. Since 2016, CPN Residence Co., Ltd., a subsidiary, has developed condominium projects around Central Pattana's shopping centers or in their vicinity.

- Collaboration and Co-Creation: In its relentless pursuit to deliver novelties, Central Pattana actively sought for business partners in developing shopping centers and related businesses. A case in point is the cooperation with Dusit Thani Plc. in developing the Dusit Central Park Project in Bangkok. Another is its cooperation with IKEA in launching IKEA Bangyai as its first flagship store in Southeast Asia featuring seamless connection with Central Westgate. Another is the joint venture with Right Man Co., Ltd. in launching the TRIBHUM: The Mystic of Three Worlds, a new world-class attraction at Central Phuket. Then there is the cooperation with the Common Ground Group of Malaysia in investing in co-working space in Thailand to connect the shopping center business with office buildings of the future, and its investment in the Grab Thailand business in support of core business growth in the New Economy era. And finally, Central Pattana's joint investment with Mitsubishi Estate Asia (MEA) in Central Village (at 30% shares) to heighten project quality to become ASEAN's outlet leader.

## Nature of Business

Central Pattana's core businesses comprise the development of shopping center and other complementary mixed-use development projects, which include office building, hotel, and residence, to add value to the shopping centers. By the end of 2019, Central Pattana manages 34 shopping centers, 15 in Bangkok Metropolitan Area, 18 in prime provincial areas and one in Malaysia; seven office buildings in Bangkok; two hotels, namely Centara Hotel and Convention Center

Udon Thani and Hilton Pattaya Hotel; one residential project for rent; and eight residential projects available for sale and transfer. Furthermore, Central Pattana invested in CPNREIT and CPNCG, and the properties under both of which are also managed by Central Pattana.

Central Pattana's project development starts from securing strategic locations at reasonable prices and onto conducting feasibility studies, controlling design and construction processes, overseeing lease progress, and finally managing shopping centers and office buildings after commercial openings, which extends to the provision of utilities, security and cleaning services at each site. Furthermore, Central Pattana operates certain complementary businesses, such as food centers, multi-purpose convention halls, entertainment, and leisure attractions at some shopping centers to accommodate customers. Regarding the hotel business, Central Pattana has employed expert hotel management companies to manage its hotels and maximize benefits from the properties.

## Business units

Categorized based on sources of revenue in six business groups described as follows:

### 1. Shopping Center



Central Pattana's main source of revenue, the shopping center business accounts for more than 80% of the total revenue. Revenue is derived from rental of retail space, utility and security services, cleaning services, rental & services of convention halls, onsite media services, and marketing activities in common area of 34 shopping centers - 15 in Bangkok Metropolitan Area, 18 in prime provincial areas, and one in Malaysia. There are 5 shopping centers were leased out to CPNREIT in which Central Pattana is the property manager.

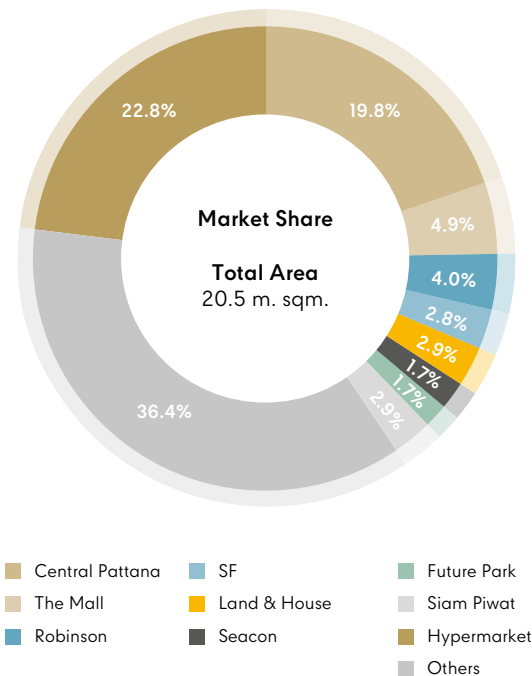
Central Pattana continues to develop and expand the shopping center business through opening new shopping centers domestically and internationally, renovation of existing shopping centers to contemporary standards, and enhancing the space utilization in shopping centers to sustain revenue generation. These initiatives resonate Central Pattana's vision

to become the “Center of Life” to better address consumers’ dynamic lifestyle preferences by offering a wide range of products and services, as well as through the implementation of various destination concepts that match the lifestyle desires of customers at all ages and interests. Moreover, Central Pattana shopping centers integrate iconic local heritage and identity as part of their designs. The interior of the shopping center creates an attractive ambience for customers to have enjoy shopping experiences. These distinguished features continue to elevate Central Pattana’s shopping center as the leader in the shopping complex business.

In 2019, Central Pattana opened two new projects namely Central i-City in Malaysia and Central Village - the first luxury outlet mall in Thailand. It also announced the plan to develop three new mixed-use development projects, namely Central Ayutthaya (open 2021), Central Si Racha (open 2021) and Central Chanthaburi (open 2022), which includes shopping center, convention hall, hotel, office building and residential projects. Moreover, in 2020-2022 Central Pattana have 14 asset enhancements with major renovation in Central Rama 2 with concept of “The Largest Regional mall - Gateway of South Bangkok” and Central Ramindra with concept of “Living Lab of Ramindra”, and 12 minor renovations in shopping centers across country.



According to its estimated data as of December 31, 2019, Central Pattana has 19.8% market share of the retail industry in Thailand based on retail gross floor area.



Central Pattana also has other supplementary businesses to the shopping centers that create value-added offers and enhance satisfaction of customer, tenants, society and other related parties. These businesses including:

- Pororo AquaPark Bangkok, the water park located on the 6<sup>th</sup> floor at Central Bangna decorated with the theme of a famous Korean cartoon series “Pororo: The Little Penguin” and offers new, exciting and memorable experiences to all family members.
- Central Park, a large recreational park located in the same area as Central Rama 2 open to the general public and comprises a health park, children’s playground, activity zone and famous food vendors.
- TRIBHUM: The Mystic of Three Worlds, located at Central Phuket, is a 3D interactive walk through theme park as a result of a joint venture investment by Central Pattana and a partner with accredited expertise.
- Co-working Space under “Common Ground” brand, which opened the first branch in Thailand in 2019 at G Tower

- Investment in Grab Thailand, for supplement its core business and together with improve the service to shoppers and tenants through New Economy concept. Grab's application would enhance shopping center performance in term of traffic via ride hailing, and increase F&B tenants' sale via food delivery etc.



## 2. Office Building

The office building business involves the development of office buildings for rent not only for Central Pattana's complementarity with the shopping centers, but also for its value accretion from the optimization of land use and efficiency of car park management.

The decision to develop an office building in any shopping center area is based on the strategic location together with the demand and supply of office space in that area. The revenues from office building include rental of office space, rental of retail space within the office building, and revenue from utilities services.

At present, Central Pattana runs seven office buildings on the premises of 1) Lardprao, 2) Pinklao Tower A, 3) Pinklao Tower B, 4) Bangna 5) centralwOrld (The Offices at centralwOrld), 6) Chaengwattana, and 7) Rama 9. For office buildings, Central Pattana owns four buildings and manages the other three buildings, two of which are under CPNREIT (Pinklao Tower A and B Office buildings at Central Pinklao) and the other under CPNCG (The Offices at centralwOrld). Tenants of office buildings in Central Lardprao, Central Pinklao, Central Bangna, Central Chaengwattana, and Central Rama 9 projects are mostly operators of businesses that benefit the shopping center business, such as tutorial schools, language and music schools, beauty parlors, and securities brokerage firms. In contrast, The Offices at centralwOrld is a grade A office building located in the heart of the business district. Its tenants are, therefore, leading Thai and multinational companies.



## 3. Hotel

The hotel business on the same premises as shopping centers complements the shopping center business in terms value accretion to the overall project by making the most use of properties for the maximum return on investment. Key

consideration factors of hotel investment include project location, demand and supply, surrounding environment, and the project's growth potential. The hotel business comprises guest rooms, food outlets, seminar rooms and convention centers to serve the growth of the MICE (Meeting Incentive Convention and Exhibition) industry. Revenue from the hotel business comprises room revenue, sale of food & beverage and rental of units in buildings and service income.

Central Pattana owns two hotels:

- Centara Hotel & Convention Centre Udonthani (formerly known as Charoensri Grand Royal Hotel, a part of Charoensri Complex, acquired by Central Pattana in April 2009) comprises 259 rooms. Central Pattana has employed an expert hotel management company, namely Central Plaza Hotel, to manage the hotel.
- Hilton Pattaya Hotel consists of 302 rooms (situated in the same complex as Central Pattaya and launched in November 2010). In December 2017, Central Pattana leased it to CPNREIT for 20 years and employed Hilton Hotel Corporation to manage the hotel.



## 4. Residential Project

Recognizing the potential of mixed-use development of shopping center projects, Central Pattana has developed residential projects to maximize the benefit of its core business. Hence, a specialized team of executives, experienced personnel and experts was set up to conduct feasibility studies on the development of residential projects and execute other relevant tasks.

CPN Residence Co., Ltd. (CPN Residence), a subsidiary company of Central Pattana, leads the development of residential projects, which starts from selecting strategic locations; conducting feasibility studies from market information and other impact factors to analyze and decide on suitable types of housing project for each location; procuring construction and decorative materials directly from suppliers through fair bidding processes to compare prices and quality and benefit from the economies of scale; setting delivery prices in advance to avoid price fluctuation; and selecting contractors who are skillful, experienced, and reputable in their respective types of work under Central Pattana's procurement procedures and standards. Central Pattana's control systems are also in place to ensure that

construction work proceeds as planned and their quality is strictly controlled. Besides undertaking Environmental Impact Assessment (EIA) to address environmental impacts potentially caused by the construction of residential projects and their utility systems, Central Pattana requires that all projects comply with the Building Control Act and minimizes their environmental impacts.

Recently, there are eight residential projects located next to or in the vicinity of shopping centers:

- Three condominium projects - completely transferred namely 1) ESCENT RAYONG adjacent to Central Rayong; 2) ESCENT CHIANGMAI adjacent to Central Chiangmai; and 3) ESCENT KHONKAEN adjacent to Central Khonkaen
- Three condominium projects - completed and in the process of transfer namely 1) ESCENT VILLE CHIANGMAI - second project adjacent to Central Chiangmai; 2) ESCENT VILLE CHIANGRAI adjacent to Central Chiangrai; and 3) ESCENT NAKHONRATCHASIMA adjacent to Central Korat
- One condominium project - under construction and opened for pre-sale in 2018 namely ESCENT UBONRATCHATHANI adjacent to Central Ubon
- One condominium project - under construction and opened for pre-sale in 2019 namely ESCENT PARK VILLE CHIANGMAI - third project adjacent to Central Chiangmai

Furthermore, Central Pattana currently has one standalone condominium project in Bangkok, PHYLL PHAHOL 34 - completed and ready to transfer namely, and one standalone single-detached housing project in Bangkok – NIYHAM, which was launched in 2017. Additionally, Central Pattana manages a residential building project called Central City Residence Condominium, a 11-unit condominium on the premises of Central Bangna.

CPN Residence continues to launch residential projects in vacant land pots next to existing shopping centers of Central Pattana and other potential locations across county under “Residential & Commercial Community” concept, by leveraging on the leading position in retail business together with its experienced real estate team to move forward with business expansion.

## 5. Food Centers



Food centers are considered an essential element that complements shopping centers. Food centers to provide convenience for customers with a wide variety of affordable, quick and ready-to-serve dishes. Central Pattana generates return from space which was rented out to tenants in food centers.

Central Pattana developed and improved food centers under the concept of Food Destination, includes a wide selection of restaurants to serve various lifestyles such as casual dining, family restaurant, cafe, bakery or take-home food.

## 6. Investment in Property Fund and REIT (Real Estate Investment Trust)



Central Pattana is the major unit holder of CPNREIT and CPNCG, representing 26.69% and 25.00% of total ownership respectively. It also serves as the property manager and receives monthly fees under management contracts and profit-sharing agreement based on investment proportions. The details are as follows:

- 1) CPNREIT was established on November 29, 2017 and subsequently listed on the Stock Exchange of Thailand on December 14, 2017 with an indefinite expiration date. The trust invests in long-term leasehold rights of properties, namely Central Rama 2 (Partial), Central Rama 3 (Partial), Central Pinklao (Partial) and its integrated office towers, Central Chiangmai Airport (Partial), Central Pattaya (Partial) and Hilton Pattaya Hotel. The fair value of the invested leasehold rights of the assets stood at Baht 44,472 mn by the end of 2019.

CPNREIT is managed by CPN Management Company Limited, a subsidiary of Central Pattana, as the REIT manager. It appointed Central Pattana as property manager. CPN Pattaya Hotel Co., Ltd., a subsidiary of Central Pattana, is a sub-lessee of Hilton Pattaya Hotel, which remains under the management of Hilton Hotels Corporation. Siam Commercial Bank Asset Management Co., Ltd., acts as the trustee and the Thailand Securities Depository Co., Ltd. (TSD) acts as the registrar.

CPNRF had been converted into CPNREIT according to the resolution of the Board Meeting No. 4/2017 on May 31, 2017. It approved the conversion based on the interest of CPNRF unitholders, who would enjoy the income tax incentive and VAT exemption for property fund, specific business tax and stamp duty. Moreover, the privileges on the registration of related right and juristic acts due to the conversion will end on December 31, 2017.

- 2) CPNCG was registered on September 13, 2012, with an indefinite expiration date. The purpose of the fund is to raise funds from unitholders to invest in properties or leasehold properties and seek benefit from properties. CPNCG has invested in parts of The Offices at centralwOrld (Partial). The fair value of the invested leasehold rights of the assets stood at Baht 4,734 mn by the end of 2019.

SCB Asset Management Company Limited (SCBAM) acts as the management company, Kasikorn Public Company Limited acts as the mutual fund supervisor, the Siam Commercial Bank Public Company Limited acts as the registrar, and Central Pattana acts as the property manager.

As the property manager, Central Pattana is entitled to monthly management fee from the fund according to the contractual agreement between the fund and the property manager.

## Asset Under Central Pattana Management

### Shopping Center

Shopping Center	Year of Operation	Development <sup>3</sup>	Land Ownership <sup>4</sup> (Year Expire)	ISO 14001 <sup>5</sup>	Investment Cost <sup>6</sup> as end of 2019 (mn Baht)	Total Project GFA <sup>7</sup> (sqm.)
1. Central Lardprao	December 1982	G	L (2028)	•	4,719	310,000
2. Central Ramindra	November 1993	G	L (2023)	•	673	86,000
3. Central Pinklao <sup>1</sup>	March 1995	G	L (2027)	•	3,071	370,000
4. Central Marina	July 1995	G	L (2035)	•	1,454	70,000
5. Central Chiangmai Airport <sup>1</sup>	March 1996 <sup>2</sup>	A	F	•	2,429	250,000
6. Central Rama 3 <sup>1</sup>	October 1997	G	F	•	2,156	220,000
7. Central Bangna	December 2001 <sup>2</sup>	A	F	•	5,807	500,000
8. Central Rama 2 <sup>1</sup>	December 2002	G	L (2055)	•	9,139	210,000
9. centralwOrld	December 2002 <sup>2</sup>	A	L (2040)		14,648	830,000
10. Central Rattanaibet	December 2003 <sup>2</sup>	A	F&L (2034)	•	4,651	140,000
11. Central Chaengwattana	November 2008	G	F	•	5,446	310,000
12. Central Pattaya	January 2009	G	F&L (2038)	•	4,651	210,000
13. Central Udon	April 2009 <sup>2</sup>	A	F	•	4,619	250,000
14. Central Chonburi	May 2009	G	F&L (2027)	•	3,477	156,000
15. Central Khonkaen	December 2009	G	F	•	3,968	200,000
16. Central Chiangrai	March 2011	G	F	•	2,207	110,000
17. Central Phitsanulok	October 2011	G	F	•	1,550	100,000
18. Central Rama 9	December 2011	G	L (2040)	•	5,183	214,000
19. Central Surattani	October 2012	G	F	•	2,253	130,000
20. Central Lampang	November 2012	G	L (2041)	•	1,154	110,000
21. Central Ubon	April 2013	G	F	•	1,835	151,000
22. Central Chiangmai	November 2013	G	F	•	4,265	260,000



Date as of 31 December 2019

Leasable Area (sqm.)	Occupancy Rate (%)	No. of Tenants	Parking Space (vehicles)	Food Centers <sup>8</sup>	Convention Hall			Other Mixed-use Developments		
					Space (sqm.)	ISO 2012 <sup>9</sup>	TMVS <sup>10</sup>	Office	Hotel	Residential
43,566	97	204	3,000		4,500	•	•	•		
17,125	94	77	1,000							
63,189	100	287	3,500	•				•		
16,569	94	93	400	•						
76,622	95	280	2,300	•	4,800	•	•			
53,344	97	239	2,300	•						
64,163	88	259	3,250	•				•		•
92,193	96	309	3,200	•	4,100					
196,782	92	410	7,000	•				•		
76,917	95	186	2,000	•						
65,476	93	293	3,300	•	4,200		•	•		
57,879	92	208	2,000	•					•	
71,886	89	223	2,000	•	5,000	•	•		•	
40,251	93	186	2,040	•						
47,267	95	262	2,100	•	4,100	•	•			•
25,924	96	121	1,000	•						•
26,474	97	142	1,440	•						
59,167	99	218	2,400					•		
31,022	97	130	1,400	•	4,700		•			
19,685	97	90	2,000	•						
29,144	98	143	1,500	•						•
68,028	96	239	3,500	•						•

Shopping Center	Year of Operation	Development <sup>3</sup>	Land Ownership <sup>4</sup> (Year Expire)	ISO 14001 <sup>5</sup>	Investment Cost <sup>6</sup> as end of 2019 (mn Baht)	Total Project GFA <sup>7</sup> (sqm.)
23. Central Hatyai	December 2013	G	F	•	4,926	295,000
24. Central Samui	March 2014	G	L (2043)	•	1,886	76,000
25. Central Salaya	August 2014	G	F&L (2044)	•	2,613	185,500
26. Central Rayong	May 2015	G	F	•	2,691	155,000
27. Central Phuket						
- Central Phuket Festival	June 2015	A	L (2056)	•	8,478	137,000
- Central Phuket Floresta	September 2018	G	L (2056)		5,838	242,800
28. Central Westgate	August 2015	G	L (2043)	•	7,057	352,000
29. Central Eastville	November 2015	G	F&L (2045)	•	3,887	150,000
30. Central Nakhon Si	July 2016	G	F	•	1,818	90,000
31. Central Korat	November 2017	G	F		4,610	233,000
32. Central Mahachai	November 2017	G	F		2,839	131,250
33. Central i-City	March 2019	G	F		6,151	259,000
34. Central Village	August 2019	G	F		2,720	80,000
Total					144,871	7,573,550

Leasable Area (sqm.)	Occupancy Rate (%)	No. of Tenants	Parking Space (vehicles)	Food Centers <sup>8</sup>	Convention Hall			Other Mixed-use Developments		
					Space (sqm.)	ISO 20121 <sup>9</sup>	TMVS <sup>10</sup>	Office	Hotel	Residential
66,801	83	214	2,500	•	5,000	•	•			
31,647	88	107	600	•						
38,738	95	181	1,600	•						
29,466	96	190	2,000	•	1,000					•
48,559	86	144	1,100	•						
35,012	88	124	3,200	•						
78,696	94	356	4,000	•	5,000	•	•			
36,049	97	187	1,824	•						
21,359	89	138	1,500	•						
48,971	80	271	3,600	•	3,300	•	•			•
24,344	94	160	1,500	•						
85,326	83	208	3,000							
21,377	96	114	1,500	•						
1,809,020	93	6,993	80,554		45,700					

## Remarks :

<sup>1</sup> Assets leased from Central Pattana to CPNREIT in December 2017, following the conversion of CPNRF to CPNREIT and the leases of Central Pattaya (Partial) and Hilton Pattaya, their respective ownerships by CPNREIT and lease expiry dates are as follows:

- 42% in Central Pinklao, ending May 2027
- 81% in Central Rama 3, ending August 2045 (extendable twice for 30 years each)
- 96% in Central Rama 2, ending August 2025
- 49% in Central Chiangmai Airport, ending April 2044
- 50% in Central Pattaya, ending August 2037

<sup>2</sup> Year of acquisition

<sup>3</sup> Development (A = Acquisition), (G = Greenfield)

<sup>4</sup> Land Ownership (F = Freehold), (L = Leasehold)

<sup>5</sup> ISO 14001 is the international standard on effective environmental management by providing a framework for organizations to follow to preserve and protect damage to the environment through their operations.

<sup>6</sup> Includes investment of office/residential/hotel components. Excludes annual lease payments and investments of the assets leased/subleased to CPNREIT.

<sup>7</sup> GFA including NLA, parking, hall, common area, office and hotel.

<sup>8</sup> Only food centers managed by the Company.

<sup>9</sup> ISO 20121 is the international standard on effective management and organization of sustainable events for businesses.

<sup>10</sup> TMVS is a standard tool to systematically measure the quality of venues for hosting MICE events in Thailand.

## Office Properties

Date as of 31 December 2019

	Office Building	Year of Operation	Development <sup>4</sup>	Land Ownership <sup>5</sup>	Leasable Area (sqm.)	Occupancy Rate (%)	No. of Tenants
1.	Lardprao	December 1982	G	L (2028)	16,171	97	75
2.	Pinklao Tower A <sup>1</sup>	March 1995	G	L (2027)	22,680	87	52
3.	Bangna	December 2001 <sup>3</sup>	A	F	10,007	82	24
4.	The Offices at centralwOrld <sup>2</sup>	November 2004 <sup>3</sup>	G	L (2040)	84,356	97	74
5.	Pinklao Tower B <sup>1</sup>	March 2006	G	L (2027)	11,627	97	58
6.	Chaengwattana	March 2009	G	F	19,955	94	36
7.	Rama 9	December 2011	G	L (2040)	7,378	94	33
	Total				172,173	94	352

Remarks :

<sup>1</sup> Assets leased from Central Pattana to CPNREIT in December 2017, following the conversion of CPNRF to CPNREIT, with the lease terms ending in December 2037.<sup>2</sup> 97% of the Offices at CentralWorld were subleased to CPNCG from September 2012 to September 2032 (part 1) and from December 2012 to December 2032 (part 2).<sup>3</sup> Year of acquisition<sup>4</sup> Development (A = Acquisition), (G = Greenfield)<sup>5</sup> Land Ownership (F = Freehold), (L = Leasehold)

## Hotel Properties

Date as of 31 December 2019

	Hotel	Year of Operation	No. of Guest Rooms	Occupancy Rate (%) Full Year Average
1.	Centara Hotel & Convention Centre Udon Thani <sup>1</sup>	April 2009 <sup>3</sup>	259	71
2.	Hilton Pattaya <sup>2</sup>	November 2010	302	89
	Total		561	81

Remarks :

<sup>1</sup> Central Pattana is the project owner and Central Plaza Hotel Plc is the hotel manager.<sup>2</sup> CPNRIET has the leasehold rights from December 2017 to August 2037 and Hilton Hotel Corporation is the hotel manager.<sup>3</sup> Year of acquisition

## Residential Properties for Rent

Date as of 31 December 2019

Residential for Rent	Year of Operation	Leasable Area (sqm.)	Occupancy Rate (%) Full Year Average
1. Central City Residence <sup>1</sup>	December 2001 <sup>2</sup>	1,567	27

Remarks :

<sup>1</sup> Central Pattana owns strata-title of 11 units of the condominium.<sup>2</sup> Year of acquisition

## Residential Properties for Sale

Date as of 31 December 2019

Condominium Projects	Year of Launch	Year of Transfer	Total No. of Units	Pre-sales (%)	Unit Transferred (%)
1. ESCENT CHIANGMAI	2016	2018	400	100	100
2. ESCENT KHONKAEN	2016	2018	408	100	100
3. ESCENT RAYONG	2016	2018	419	100	100
4. ESCENT VILLE CHIANGMAI	2017	2019	450	100	99
5. ESCENT VILLE CHIANGRAI	2017	2019	312	100	82
6. ESCENT NAKHONRATCHASIMA	2017	2019	380	100	65
7. PHYLL PHAHOL 34	2018	2019	358	~40	17
8. ESCENT UBONRATCHATHANI	2018	2020	395	~80	N/A
9. ESCENT PARK VILLE CHIANGMAI	2019	2020	450	~50	N/A

Date as of 31 December 2019

Low-rise Projects	Year of Launch	Year of Transfer	Total No. of Units	Units Ready for Sale & Transfer	Units Transferred
1. NIYHAM BOROMRATCHACHONNANI	2018	2019	71	9	5

## Future Project

### Domestic

## Central Ayutthaya

### The Prosperity of the Capital



**Location :** On AH1, the Asian Highway, at Ayothaya Road (Route 2053), in Khlong Suan Phlu subdistrict, Phra Nakhon Si Ayutthaya district and province (near the provincial administration center). The gateway province to the North perfectly suits those traveling from Bangkok and periphery to upper central provinces and the North with more than 100,000 vehicles use this route daily.

**Size :** Located on 47 rai of land. The shopping center's GFA totals 68,000 sqm.

**Potential :** Ayutthaya is the hub of the Upper Central Region, embracing neighboring Ang Thong, Sing Buri, Chainat, and Suphan Buri provinces, along with their 2.5 mn inhabitants. Ayutthaya's industries are an extension of those in Bangkok Metropolis. Named as a World Heritage by UNESCO,

Ayutthaya and its prosperity as well as vibrancy could be restored by applying the Kyoto Model to its push as another top destination of the world. Today the province boasts some 8.2 mn tourists a year. The envisaged mixed-use project is made up of a shopping center, a conference center, tourist attractions, public space for all community members, residences, and a hotel.

**Progress :** Project is under construction phase and expected to open in 2021.

**Investment :** ~Baht 6,200 mn.



## Domestic

### Central Si Racha

### Living Green in Smart City of EEC Center



**Location :** On the Sukhumvit Road patch with the highest density of purchasing power in Si Racha. Around the project lie housing estates, grade A<sup>+</sup> condominiums, international schools, and international hospitals, altogether some 1,300 projects.

**Size :** Located on 27 rai of land. The shopping center's GFA totals 71,000 sqm.

**Potential :** A most comprehensive mixed-used project in the heart of Si Racha, which would enhance its economy and urbanization lifestyles while promoting it as EEC's MICE hub of the future. The mixed-use project consists of a semi-outdoor

lifestyle shopping center, a thematic mall, an outdoor walking street, a world-class conference center, a hotel, a serviced apartment, an office building, and a learning center for kids.

**Progress:** Project is under construction phase and expected to open in 2021.

**Investment :** ~Baht 4,200 mn.

## Domestic

### Central Chanthaburi

### The Shining Gem of EEC Plus 2



(Project design is currently under development.)

**Location :** On Treerat Road, connects to Sukhumvit Road and alongside the Phakdi Rambhai Canal. It borders the provincial CBD, surrounded by residential patches, schools, and notable hospitals, in an area known for high purchasing power of Chanthaburi.

**Size :** Located on 46 rai of land, with a shopping center's GFA totals 64,000 sqm.

**Potential :** This marks the maiden, massive mixed-used project investment in the province, marked by high potential and readiness as the world capital of tropical fruits, and a hub

of the world's gemstone center and largest gemstone trade. Chanthaburi is a burgeoning tourist town of the secondary group of provinces.

**Progress :** Project is under design phase and expected to open in 2022

**Investment :** ~Baht 3,500 mn.

## International

To establish and maintain a strong foundation for sustainable growth, Central Pattana has been exploring and studying on overseas investment opportunities especially in Asian countries with high economic potential, such as Malaysia and Vietnam, to expand its business base while diversifying investment risks. In doing so, different market conditions, competition, and business risks are considered. A working committee was appointed to investigate target countries in a variety of aspects, whether economic, social, political, industrial, competition, business laws, or associated risks in each country to screen markets blessed with potential, business opportunities, and suitability to Central Pattana's business. All projects under the plan have undergone stringent feasibility assessment for maximum effectiveness of

investment decisions to ensure that its overseas investment is made on the path of sustainability and growth.

Overseas projects include the renovation of existing shopping centers as well as development of brand-new projects in areas with great potential. To this end, Central Pattana may undertake sole proprietorship or joint investment with overseas business allies so as to penetrate new markets rapidly, efficiently, and robustly to boost competitiveness in a given country. Moreover, Central Pattana obtains beneficial data from the Central Group, equipped with extensive experience in overseas market, which has enabled Central Pattana to analyze and develop overseas projects more efficiently.

## Residential for Sale

Project	ESCENT VILLE CHIANGMAI	ESCENT VILLE CHIANGRAI	ESCENT NAKHONRATCHASIMA
Status	Completed and ready to transfer (Pre-sale 2017)		
Location	Highway 118, Chiangmai-Doi Saket Rd., Fa Ham Sub District, Mueng Chiangmai District, Chiangmai	Highway 1, Phaholyothin Rd. Robwiang Sub District, Mueang Chiangrai District, Chiangrai	Highway 2, Local Rd. Nai Mueang Sub District, Mueang, Nakhon Ratchasima District, Nakhon Ratchasima
Land area	5-1-10.76 Rai	2-2-35.4 Rai	2-3-78 Rai
Type	8-Storey Condominium, 2 buildings	8-Storey Condominium, 2 buildings	<b>Building 1:</b> 21-Storey Condominium <b>Building 2:</b> 17-Storey Condominium
No. of units	450 units	312 units	380 units
Unit size	23-32 sqm. (Standard room) fully furnished & ready to move in		
Construction Period	Approximately 2 years, ready to transfer in 2019		
Target Customer	Local residents and employees working in surrounding areas who buy property for their own use		
Project Value	Total value ~Baht 2,200 mn		
Pre-sale (% of total)	100%		
Transferred (% of total)	~99%	~82%	~65%

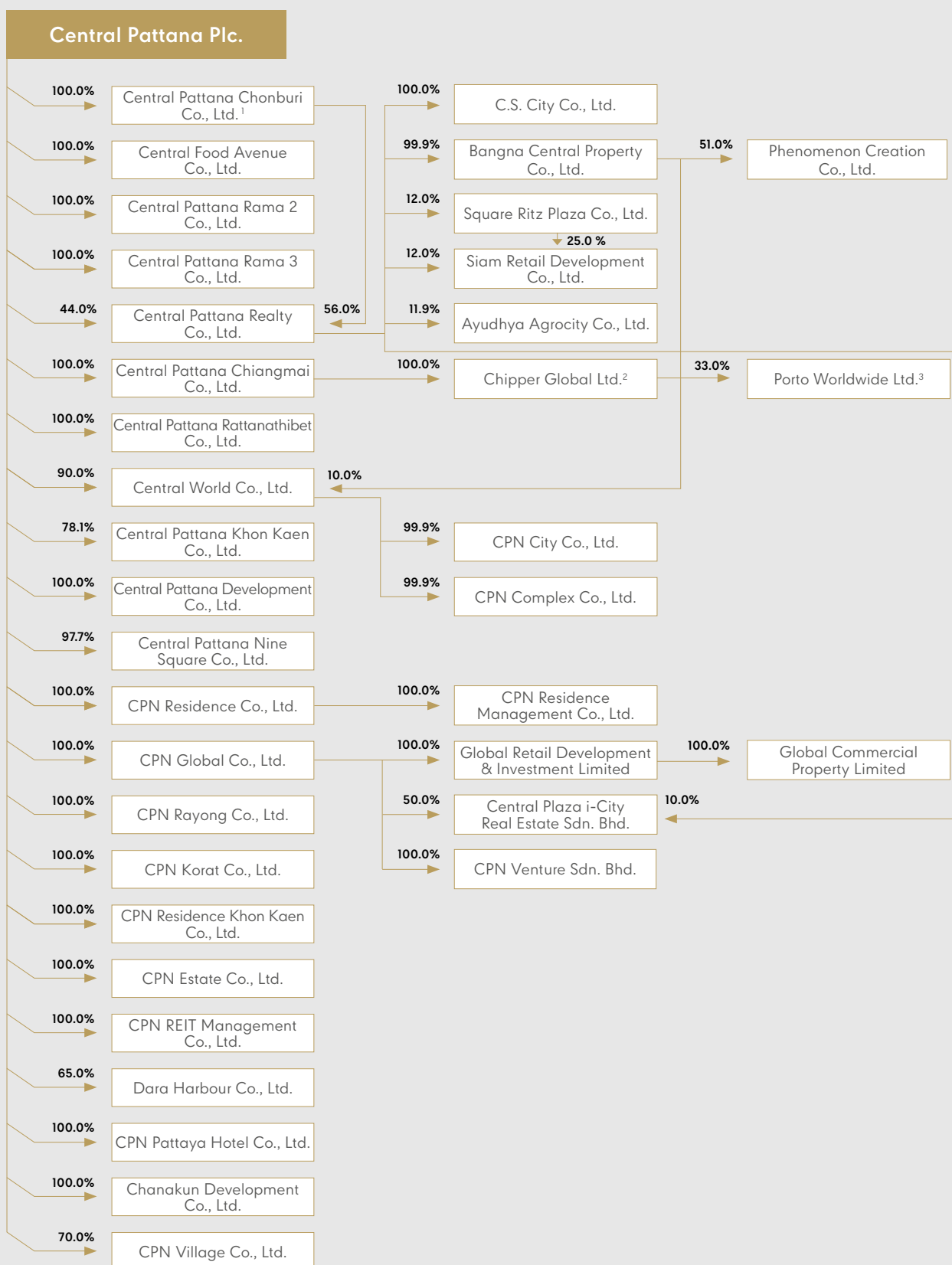
Project	PHYLL PHAHOL 34	ESCENT UBONRATCHATHANI	ESCENT PARK VILLE CHIANGMAI
Status	Completed and ready to transfer (Pre-sale 2018)	Under construction phase (Pre-sale 2018)	Under construction phase (Pre-sale 2019)
Location	Soi Phaholyothin 34, Phaholyothin Rd., Senanikhom Sub District, Chatuchak District, Bangkok	Ubinratchathani Rural Rd., Chae Rammae Sub District, Mueang Ubonratchathani, Ubonratchathani	Highway 118, Chiangmai-Doi Saket Rd., Fa Ham Sub District, Mueng Chiangmai District, Chiangmai
Land area	3-2-7.4 Rai	3-2-25.3 Rai	7-5-50.5 Rai
Type	8-Storey Condominium, 4 buildings	14-Storey Condominium, 1 buildings	8-Storey Condominium, 2 buildings
No. of units	358 Units	395 Units	450 Units
Unit size	25-35 sqm.	24-63 sqm.	24-63 sqm.
Construction Period	Approximately 2 years, ready for transfer in 2020		
Target Customer	Local residents and employees working in surrounding areas who buy property for their own use		
Project Value	Total value ~Baht 3,000 mn		
Pre-sale (% of total)	~40%	~80%	~50%
Transferred (% of total)	~17%	N/A	N/A

Project	NIYHAM BOROMRATCHACHONNANI
Status	Under construction phase (Open for sale since 2018)
Location	Soi Boromratchachonnani 62, Boromratchachonnani Rd., Sala Thammasoap Sub District, Thawi Watthana District, Bangkok
Land area	43-3-72.4 Rai
Type	2-Storey luxury single-detached house
No. of units	71 units
Unit size	At least 100 sqw.
Usable area	387-708 sqm.
Construction Period	Construction in phase, complete and transfer in 2019-2023
Target Customer	Primary home buyers for own residence
Project Value	~Baht 2,000 mn
Transferred (units)	5 units



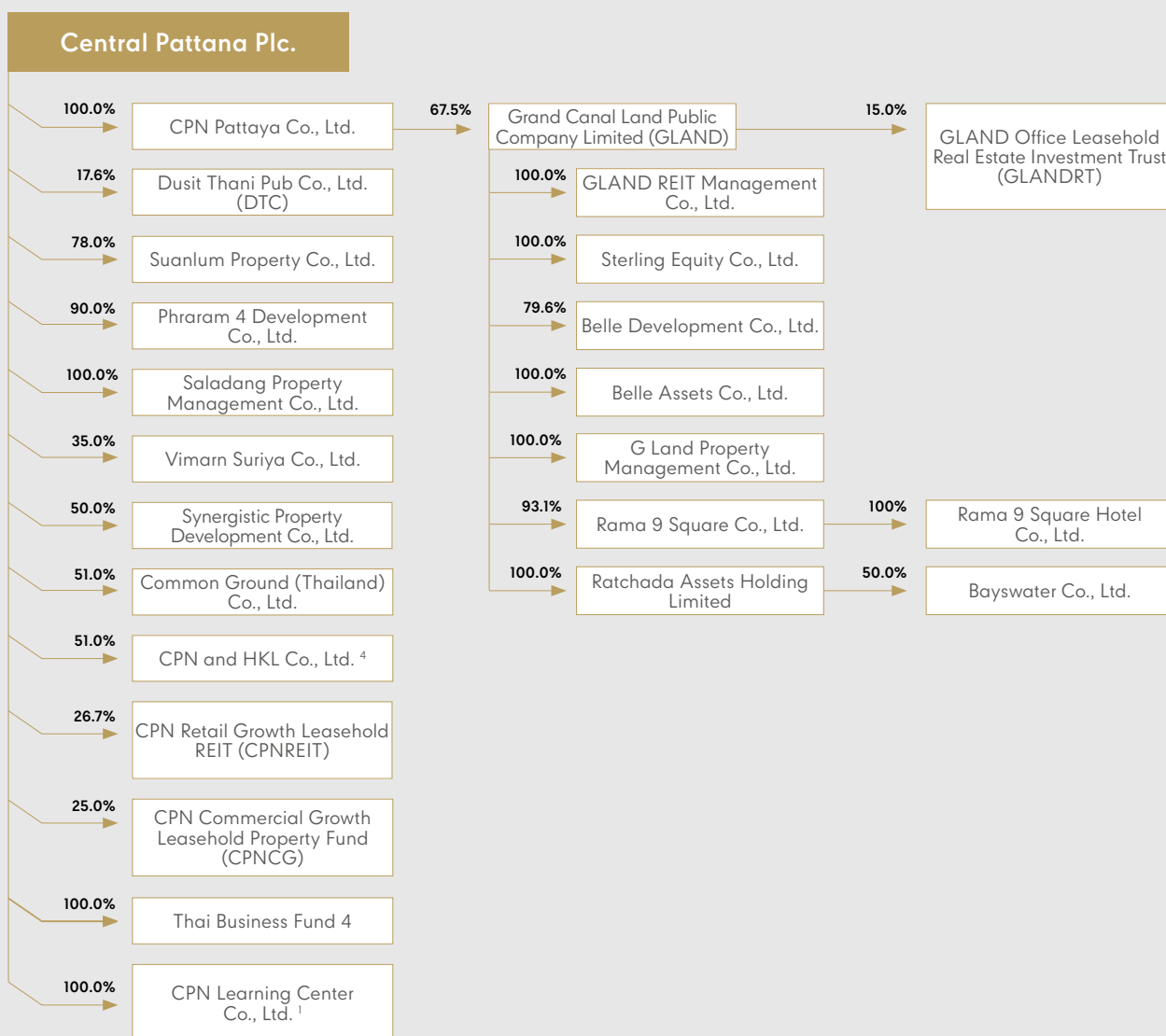


# INVESTMENT STRUCTURE





# INVESTMENT STRUCTURE



Remarks : <sup>1</sup> Company is in the process of liquidation.

<sup>2</sup> Chipper Global Ltd. was established in May 2019.

<sup>3</sup> Porto Worldwide Ltd. was established in May 2019.

<sup>4</sup> CPN and HKL Co., Ltd., was established in June 2019.

# REVENUE STRUCTURE

Unit: mn Baht

Type of Business / Operated By	% of Shareholding	Year 2015		Year 2016		Year 2017		Year 2018		Year 2019	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Shopping Centers</b>		21,577	81.5	24,537	81.5	25,340	79.3	27,934	77.5	29,918	75.6
- Central Pattana Plc.											
- Central Pattana Chiangmai Co., Ltd.	100.0										
- Bangna Central Property Co., Ltd.	100.0										
- Central Pattana Rama 3 Co., Ltd.	100.0										
- Central Pattana Rama 2 Co., Ltd.	100.0										
- Central Pattana Rattanaibet Co., Ltd.	100.0										
- CPN Pattaya Co., Ltd.	100.0										
- Central World Co., Ltd.	100.0										
- Central Pattana Khon Kaen Co., Ltd.	78.1										
- Central Pattana Realty Co., Ltd.	100.0										
- Central Pattana Nine Square Co., Ltd.	97.7										
- Central Pattana Development Co., Ltd.	100.0										
- CPN Rayong Co., Ltd.	100.0										
- CPN Korat Co., Ltd.	100.0										
- CPN Global Co., Ltd.	100.0										
- CPN Village Co., Ltd.	70.0										
<b>Office Buildings</b>		638	2.4	667	2.2	690	2.2	699	1.9	717	1.8
- Central Pattana Plc.											
- Bangna Central Property Co., Ltd.	100.0										
- Central Pattana Nine Square Co., Ltd.	97.7										
<b>Hotel</b>		983	3.7	998	3.3	1,097	3.4	1,208	3.4	1,121	2.8
- Central World Co., Ltd.	100.0										
- CPN Pattaya Co., Ltd.	100.0										
<b>Residential Properties</b>		10	0.0	1	0.0	1	0.0	2,680	7.4	2,576	6.5
- Bangna Central Property Co., Ltd.	100.0										
- CPN Residence Co., Ltd.	100.0										
<b>Food Centers</b>		1,068	4.0	1,389	4.6	1,631	5.1	727	2.0	847	2.1
- Central Pattana Plc.											
- Central Food Avenue Co., Ltd.	100.0										
- Central Pattana Chiangmai Co., Ltd.	100.0										
- Bangna Central Property Co., Ltd.	100.0										
- Central Pattana Rama 2 Co., Ltd.	100.0										
- Central Pattana Rattanaibet Co., Ltd.	100.0										
- Central World Co., Ltd.	100.0										
- Central Pattana Development Co., Ltd.	100.0										
- CPN Pattaya Co., Ltd.	100.0										
- CPN Rayong Co., Ltd.	100.0										
- Central Pattana Realty Co., Ltd.	100.0										
- Central Pattana Rama 3 Co., Ltd.	100.0										
- Central Pattana Khon Kaen Co., Ltd.	100.0										
- CPN Korat Co., Ltd.	100.0										
- CPN Village Co., Ltd.	70.0										
Grand Canal Land Plc.	67.5							519	1.4	1,984	5.0
Interest Income		24	0.1	27	0.1	23	0.1	26	0.1	54	0.1
Share of Profits from investment in associates and joint ventures		749	2.8	853	2.8	839	2.6	1,055	2.9	1,232	3.1
Others		1,431	5.4	1,600	5.3	2,309	7.2	1,203	3.3	1,134	2.9
<b>Total Revenues<sup>1</sup></b>		26,486	100.0	30,114	100.0	31,956	100.0	36,051	100.0	39,583	100.0

Remark: <sup>1</sup> Excluding non-recurring items.

## Chapter 16

# SUSTAINABILITY MANAGEMENT



Central Pattana is a member of the Dow Jones Sustainability Indices 2018 and in its second consecutive year of the DJSI World of Real-Estate Industry, sixth consecutive year of membership of DJSI Emerging Markets, and third consecutive year of SAM - The Sustainability Yearbook membership.

It is primarily in Thailand that Central Pattana engages in the business of shopping center development and related property businesses, consisting 6 business units including 1) shopping centers and related supporting shopping centers, 2) office buildings, 3) hotels, 4) residences, 5) food centers, and 6) investment units. More than 80% of its staple income is derived from the shopping center business.

In conducting its business, Central Pattana strives for transparency, fairness, and accountability, while valuing all stakeholders throughout its value chain from three sustainability perspectives (economic, social, and environmental). The Company also applied the UN Sustainable Development Goals (SDGs) to the definition of guidelines and goals for sustainability development.



## Engagement and stewardship of key stakeholders

Central Pattana's stakeholders fall into nine groups, with responsible functional units assigned to establish engagement, communication, listening, stewardship, and responses to comments and expectations of each group in a proper, complete, and prompt way. The comments received go into adjusting Central Pattana's business in an ongoing and regular way. This year the Company executed the communication detailed below in its engagement with stakeholders.

Stakeholder	Engagement and frequency	Interest and expectation	Response
Customers	<ul style="list-style-type: none"> <li>Customer behavior survey for new project development by an external expert (one project)</li> <li>Quarterly online customer satisfaction survey</li> <li>Communication through Facebook, Instagram, YouTube, and LINE</li> </ul>	<ul style="list-style-type: none"> <li>Service quality</li> <li>Service convenience &amp; safety</li> <li>Ability to cater to customers' needs</li> <li>Data &amp; information transmission speed</li> </ul>	More details under Developing and Transforming Shopping Centers into a Center of Life, page 109
Tenants	<ul style="list-style-type: none"> <li>Quarterly online customer satisfaction survey</li> <li>Quarterly branch tenant meetings</li> <li>Tenant development training</li> <li>Special meeting and activities for tenants</li> </ul>	<ul style="list-style-type: none"> <li>Service quality &amp; shopping center administrative efficiency</li> <li>Value addition for tenants' businesses &amp; operators</li> <li>Tenants' service convenience &amp; safety</li> <li>Convenient &amp; speedy channels for financial transactions, repair notice &amp; communication channels</li> </ul>	More details under Tenant Management and Development, page 123
Employees	<ul style="list-style-type: none"> <li>One management-level sustainability assessment, covering 150 people</li> <li>One Corporate Governance (CG) Individual Assessment form preparation for employees and another for assistant VPs</li> <li>One 360-degree assessment for middle management</li> <li>Training and seminar on capability development &amp; leadership</li> <li>Activities promoting health &amp; organizational engagement</li> </ul>	<ul style="list-style-type: none"> <li>Employees' potential of being smart, conscientious &amp; public service minded as called for by i-CARE values &amp; CG</li> <li>Employees' wellness</li> <li>Outside-work experiences suiting individual lifestyles</li> <li>Proud to be a member of Central Pattana</li> </ul>	More details under Employee Management and Engagement, page 127
Suppliers	<ul style="list-style-type: none"> <li>Three one-on-one Luncheon Talks with new partners</li> <li>Consultation for new business models under Circular Economy</li> </ul>	<ul style="list-style-type: none"> <li>Guidelines for sustainable joint business conduct</li> <li>In-depth recommendations for joint-business innovations</li> </ul>	Progress on joint business More details under Supply Chain Management, page 135

Stakeholder	Engagement and frequency	Interest and expectation	Response
Communities	<ul style="list-style-type: none"> <li>• Participation in &amp; consultation on the environmental in cooperation CPN Love the Earth Project</li> <li>• Participation in agricultural development and community development under Central Tham Project</li> <li>• Educate &amp; share experience in safety and firefighting</li> <li>• Participation in volunteer activities with communities for greening Thailand and Good Deeds with Your Heart activities, total 134 activities throughout the year.</li> </ul>	<ul style="list-style-type: none"> <li>• Development for common benefit with communities</li> </ul>	More details under Corporate Responsibility and Community Development, page 139 and Development and preservation of environment with communities page 163
Public & educational sectors, NGOs & other social entities	<ul style="list-style-type: none"> <li>• Occasional consultation with public agencies</li> <li>• Hearing views of experts and judges of SET Sustainability Excellence Awards</li> <li>• Twice seeking and hearing comments from NGO administrators</li> <li>• Consultation on waste management &amp; greening with Bangkok Metropolitan Administration (BMA), provincial municipalities &amp; business/ social networks</li> <li>• Opened sites for visit &amp; shared knowledge with educational agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation for knowledge management for common good</li> <li>• Cooperation for environmental resource management</li> <li>• Data exchange</li> <li>• Joint development of personnel</li> </ul>	More details under Environmental Resource Management, page 145
Shareholders	<ul style="list-style-type: none"> <li>• One survey of materiality issues from shareholders' perspectives</li> <li>• Response to ESG assessment forms</li> <li>• Quarterly Opportunity Day</li> <li>• Information disclosure through <a href="http://www.cpn.co.th">www.cpn.co.th</a></li> <li>• Annual report</li> </ul>	<ul style="list-style-type: none"> <li>• Central Pattana's business growth</li> <li>• Expectation for Central Pattana's sustainable business</li> </ul>	More details under Corporate Governance, page 184
Competitors	<ul style="list-style-type: none"> <li>• Consultation for aligning business stance and approach toward public policies and legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Expectation for free &amp; fair business competition</li> </ul>	More details under Corporate Governance, page 184
Creditors	<ul style="list-style-type: none"> <li>• Quarterly Opportunity Day</li> <li>• Information disclosure through <a href="http://www.cpn.co.th">www.cpn.co.th</a></li> <li>• Annual report</li> <li>• Contact with financial administration unit</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of Central Pattana's credibility</li> <li>• Performance &amp; future projects</li> <li>• Debt repayment potential</li> </ul>	More details under Corporate Governance, page 184

## Materiality Assessment Process

### 01.

#### Identification



This year Central Pattana brought up key corporate risks: consumer behavioral shift, fierce competition, impacts of technology disruption, and impact creation on society and the environment as the main issues for revising sustainability materiality. Still valid were emerging risk issues from 2018 concerning cyberthreats and impacts of online media, with additional review of risks of the Personal Data Protection Act (PDPA). Central Pattana also applied recommendations obtained from questionnaire responses and stakeholder engagement, together with its business performance certification assessment and recommendations by external independent agencies and those analyzing international sustainability indices to the review, analysis, and summary leading up to 10 materiality issues.

### 02.

#### Prioritization



In assessing the importance and impacts of sustainability issues on the organization and its stakeholders, Central Pattana leveraged the outcomes of corporate risk assessment; those of questionnaire surveys; and those of consultation through engagement channels of five key stakeholder groups. It added shareholders' perspectives to the assessment. All 10 issues were then prioritized, with attention paid to two aspects: impacts and significant likelihood on the Company's business and the issues valued by stakeholders. Degrees of issue importance fall into low, medium, and high, the last of which attracted the Company's attention for planning in 2019.

### 03.

#### Validation



Validating the integrity of significant issues, Central Pattana proposed them to the Risk Policy Committee (RPC) and the Corporate Governance & Sustainable Development Committee (CG&SDC) for approval. The Company verified 10 sustainability issues, risks, and significant likelihood in 2019 and then defined plans and indicators of risks and sustainability in its business plans and risk management plans, endorsed by executive VPs upward. The President & CEO presided over this endorsement. The Company sought certification of participation and assessment of sustainability development issues from external independent agencies. The certificate appears on page 278-279.

### 04.

#### Review and Report



Central Pattana monitored the outcomes that aligned with all 10 material issues through outcome reporting and business plan indicator monitoring as well as the outcome reporting of sustainability development plans and corporate risk management plans. There was an executive committee overseeing each group (see additional details on page 181) and the CG&SDC endorsing information disclosure under international standards.



## Material Issues for Sustainability and Its Strategic Drivers

### 01 Current challenges and opportunities and potential impacts

#### Consumers' behavior shift

- Consumers' behavior shift with individual lifestyles and roles rather than differences in age, gender, or old-school population science classification
- Current consumers tend to expect and act like hyper connected consumers, that is, they want the best and the most convenient goods and services while showing less patience; they expect services that are standardized, safe, and beyond expectations, not to mention guarantees from experts or their trusted people/agencies

#### Fierce competition

- Increase in trade competitors (conventional and unconventional) from outside the industry or with different business models, as well as the business speed of new-capital groups, impacts growth of the core business

#### Impacts of disruptive technology

- Customers' easy access to the internet and new technology, change their decision-making to be ease and speed up
- Online marketing, trading, and payment play a greater role in everyday lives for all age groups
- AI and Big Data assume greater roles in the retail market and business processes, affecting change and creation of innovations that can also add value to the organization

#### New risks arising from compliance with Personal Data Protection Act (PDPA)

- Among the impacts of technological innovation is the tendency to breach personal data and increasing rights to privacy, particularly the exploitation of personal data, undue disclosure, or disclosure without data owners' consent for commercial gain or for personal data use in illegal acts, including fraud and libel. Thailand therefore promulgated PDPA in 2019, enforceable in 2020. It requires Central Pattana to establish a protection mechanism for personal data under the same standard and in agreement with international ones. Finally, the Company's action must not create undue burdens on related parties that it constrains or hinders engagement in commerce and service provision by various sectors

#### Consideration of business responsibility from social, environmental, and corporate governance aspects

- It is no longer enough to show one's responsibility when one's organization causes social and environmental impacts while in legal compliance, since modern markets or consumers are increasingly sensitive to environmental issues and are willing to subsidize green products, even at higher prices
- Other stakeholders, including joint-venture partners, employees, communities, and environmental steward groups, all value issues of social and environmental impacts increasingly more and are ready to support, accept, and give their confidence to companies that do business with attention, transparency, and consistently practice what eventually becomes a corporate culture
- Leading entities are turning to social and environmental stewardship with a focus on looking after, being responsible for, reducing impacts on, giving more protection to, and striving for advantages in socio-environmental aspects in everyone's interests

## 02 Sustainability issue & strategy

### Sustainability issue Sustainability strategy

- |                              |  |
|------------------------------|--|
| 1. Corporate risk management | <ul style="list-style-type: none"> <li>• Diversification of business platforms for development and administration of properties</li> </ul> |
|------------------------------|--|

### Management Approach

More detail in “Diversification of business platforms for development and administration of properties” on page 107

### Sustainability issues

- |  |   |
|--|---|
| 2. Coping with consumers' behavior shift | 4. Creation of customers' satisfactory experience   |
| 3. Digital and technology integration    | 5. Tenant selection and engagement                  |
|  | 6. Employee development and engagement              |
|  | 7. Supply chain management and supplier development |
|  | 8. Corporate social and community responsibility    |

### Sustainability strategies

- “Developing and Transforming Shopping Centers into a Center of Life” on page 109
- Property management and stewardship of stakeholders

### Management Approach

More detail in

- “Tenant development & growth” on page 123
- “Employee engagement & wellness” on page 127
- “Supply chain management and sustainable supplier development” on page 135
- “Development & creation of shared values with communities” on page 139

### Sustainability issues Sustainability strategies

- |  |   |
|--|---|
| 9. Resource and environmental management | <ul style="list-style-type: none"> <li>• Excellence in resource and environmental management</li> </ul>             |
| 10. Corporate governance                 | <ul style="list-style-type: none"> <li>• Establishment of a work culture under good corporate governance</li> </ul> |

### Management Approach

More detail in “Environmental Resource Management” on page 145 and “Corporate Governance” on page 184

## 03 UN SDGs and Central Pattana's sustainability goal and action



Average annual revenue growth rate of about

12% in five years (2020-2024) and consistent maintenance of investment returns.

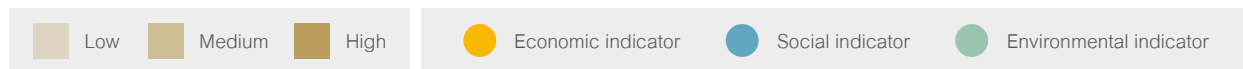
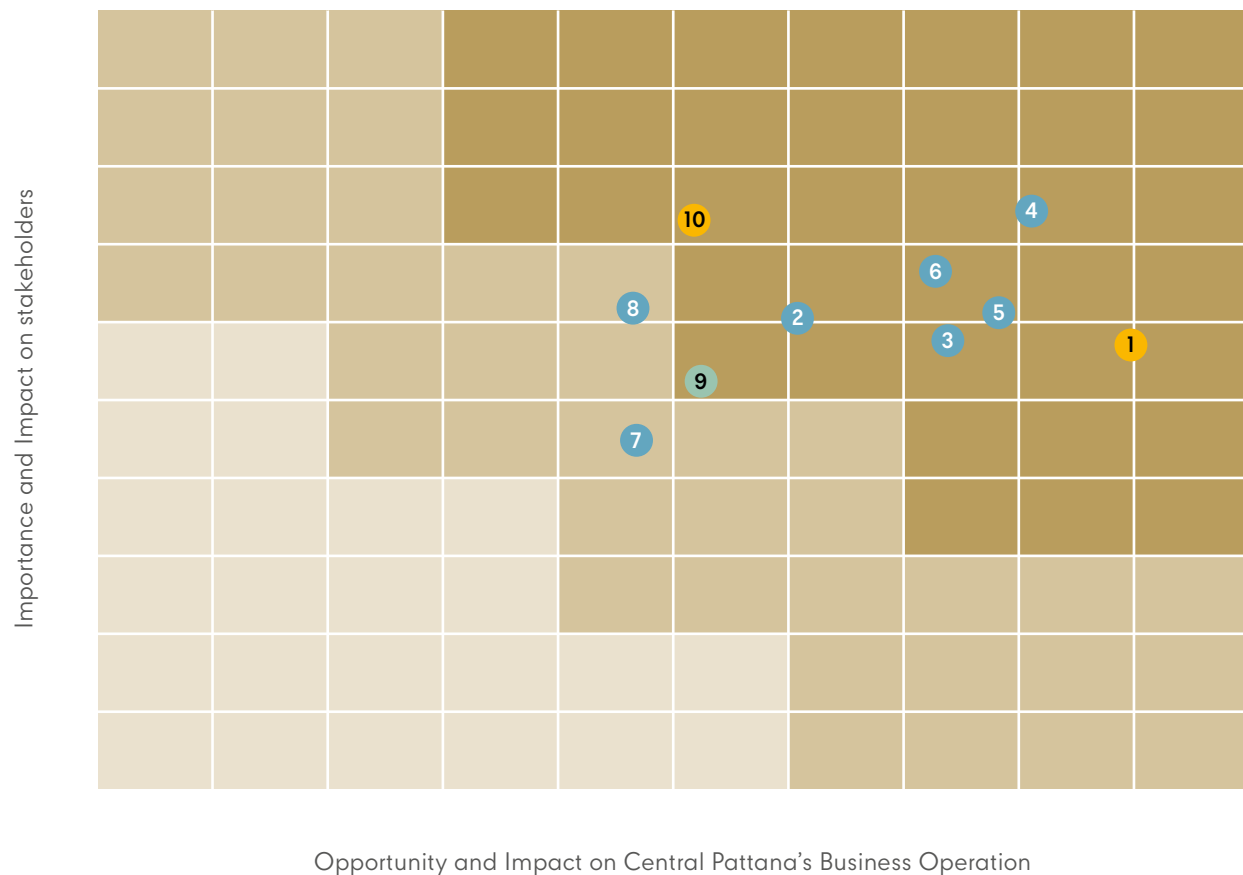


- Customer satisfaction index score at 85
- Tenant satisfaction index score at 83
- Development of 20 new innovation-destination
- 10,000 hours spent by employee volunteers
- Employee engagement score of 80%



- Reduced power consumption and release of greenhouse gas emissions by 2% from 2018
- Increase recycle water back into system by 5% in 2019
- Reduce waste to landfill by 2% compare to 2018

## Assessment of Significant Sustainability Issues



- |   |   |
|---|---|
| 1. Corporate risk management                      | 6. Community and social responsibility              |
| 2. Coping with consumers' behavior shift          | 7. Resource and environmental management            |
| 3. Creation of customers' satisfactory experience | 8. Supply chain management and supplier development |
| 4. Tenant selection and engagement                | 9. Corporate governance                             |
| 5. Employee development and engagement            | 10. Digital and technology integration              |

For additional details, see "Risk Management and Emerging Risk Issues" on page 80-85.

## Sustainability Business Strategies

Central Pattana integrated sustainability strategies and work plans with its annual strategic plans<sup>1</sup>. Three aspects of sustainability indicators are monitored: governance, social, and environmental. The Board of Directors, the Audit and Corporate Governance Committee<sup>2</sup>, the Management Committee, the Risk Policy Committee, and the Corporate Governance and Sustainable Development Committee have adopted the following strategies:

01



### Diversification of business platforms for development and administration of properties

Central Pattana strives for robust business growth while lessening business risks by diversifying its business platforms geographically and investment types, including pursuit of opportunities for overseas investment growth, particularly in Southeast Asia, which has promising growth trends; unconventional business growth or other businesses complementing shopping centers, including condominiums, hotels, and office buildings; emerging business ecology, including construction of mixed-use megaprojects with integrated supply chain, business groups in the same vicinity; and business groups that complement each other so as to add value to the project and satisfy the shifting needs and behavior of consumers.

02



### Development of shopping centers into Centers of Life

Central Pattana strives to maintain its competitiveness while relentlessly growing business by developing shopping centers into a destination of life rather than a place for shopping, as well as a destination for engaging in joint activities. To this end, the Company creates and applies innovations to facilities design and construction together with development of new destinations so that consumers may experience novelties or enjoy similar lifestyle experiences in the same place.

Remark :

<sup>1</sup> Monitoring of the annual business strategic plan from five perspectives, namely organization growth, brand value creation, efficiency improvement, internal processes, and people

<sup>2</sup> The role of the Audit Committee has been expanded and its name changed to the Audit and Corporate Governance Committee, as reported on page 26 and 172.

03



### Property management and stewardship of stakeholders

Central Pattana strives to optimally manage its shopping centers and properties in a customer-centric way and stakeholders' voice as a business rudder, leveraging its capability and skills in creating shared values (CSV) throughout the supply chain along with stakeholders under the CSV intention. To this end, it groups sustainability action plans by stakeholder group, including tenant development for growth, development and creating shared value with communities, employee engagement and wellness, supply chain management and sustainable development of suppliers, and digital transformation to optimally satisfy stakeholders' needs.

04



### Excellence in resource management and due regard for social and environmental impacts

Central Pattana strives to relentlessly develop and improve business efficiency by complying with international standards, reducing resource consumption, choosing renewable resources, increasing the use of green technology, operating with due regard for potential impacts on the overall society and environment, and protecting, looking after, and encouraging key stakeholders' awareness of conscientious consumption of resources while jointly striving to materialize the circular economy.

05



### Prudent capital sourcing and financial management

Central Pattana aims to uphold its strong financial position to continually support the growth of its businesses through prudent financial management practices and effective financial cost control. The practices not only accommodate a flexible capital structure suitable to the dynamic money and capital markets environment, but also enhance the readiness towards its business expansion plan, investment and acquisition in new businesses with promising long-term returns, and provide ample liquidity to sustain return to shareholders through dividend payment. Furthermore, Central Pattana has adequate access to several sources of fund, including but not limited to cash flow generated from operations, loans from financial institutions, issuance of debentures and cash receipt from asset leases to REIT.



# RISK FACTORS

Central Pattana recognizes the importance of sustainable risk management to ensure stakeholders of goal attainment while minimizing possible losses. The ISO ERM 2017 framework has been adopted and applied to Central Pattana's business context. A risk management policy that covers all aspects of the business is then devised and incorporated into the corporate culture. Central Pattana continually reviews risks, taking into account both internal and external factors, risk probability and direct and indirect impacts on the business. The approach not only facilitates risk assessment and identification of major risks, but has also led to the formulation of strategies for monitoring and keeping control of risks manageable. Major risk factors with impacts on Central Pattana's business are:

## 1. Strategic Risk

Based on its vision of leading the regional property development sector, driven by a growth strategy that stresses security and sustainability, Central Pattana mapped out a strategic plan on development of various asset classes both in Thailand and abroad, Southeast Asia in particular. The strategic plan encompasses Central Pattana's own investment, joint ventures, and mergers and acquisitions of high-potential businesses, for which foreseeable risks include:

### 1.1 Risks of Economic Slowdown and Political Uncertainty

During 2019, Thailand encountered sluggish economic growth as the export sector was affected by the US-China trade war and the strong Baht. This was coupled with the tourism sector that started to experience slower growth mainly because of the dwindling number of Chinese tourists. Moreover, public and private consumption and investment did not fully favor the country's economy. Central Pattana's investment policy was therefore drawn up in response to the prevailing situation. The Company opened new project - Central Village - in August 2019 while undertaking a facelift and expansion of Central Chiangrai and Central Chonburi. Adjustment was made to parts of Central Lardprao to connect the store with the skytrain (Green Line). All these endeavors were meant to satisfy today's consumers and add value to the assets to accommodate long-term business expansion.

Besides having an investment policy that keeps up with the economic situation, Central Pattana helped develop tenants' competitiveness to achieve mutually sustainable growth, considering them key business allies. Central Pattana's sales team and tenant relations team regularly take care of retail shops and follow up on their performances so that joint plans can be drawn up. Central Pattana also provides tenants with advice and support, such as organizing training and seminars to broaden their business horizons. Moreover, sales promotion activities were held with such partners as Central Card and The 1 Card. Central Pattana welcomes feedback and suggestions from tenants so that improvement can be made to the service rendered to retail shops.

### 1.2 Risks of Competition

The real estate business for the retail sector generally remained highly competitive following rising demand. Large-scale land developers launched new shopping centers on potential areas both in Bangkok and its perimeter as well as in the provinces considered tourist attractions or prime economic zones. This was coupled with changing consumption behavior. Today's consumers look for products and services through more diverse channels that can better address their lifestyles, for example, making online orders for food and goods and making online payment, or using e-wallet.

To manage risks, Central Pattana designed a strategy to develop its projects into Centers of Life, where the composition of shopping areas, retail shops, and service areas is properly laid out to create a new atmosphere and experience that serve the lifestyles of each different customer group. Activities that meet the needs of customers with similar interests are also held. A digital platform and technology have been applied to augment communication and service sophistication to provide customers with an impressive experience and a touch of modernity.

Shopping centers of a new format have been developed not just to make a difference, but to respond to diverse customer needs. Examples are the launch of Central Village, an open shopping center in the form of a luxury outlet, and the introduction of the first luxury service zone in Central Phuket Floresta to particularly serve key Thai and foreign tourists, who play a more and more prominent role.



### 1.3 Risk from Domestic Investment

Another type of risk is risks of developing new shopping centers, which are capital intensive. The key factors for Central Pattana performance are land acquisition, project planning and design, tenant procurement and customer findings in residential projects.

Many property developers are currently competing to acquire land, especially that located in prime areas. Central Pattana therefore conducts studies and research to identify outstanding locations to develop future projects, acquires land plots before the areas become urbanized, and purchases large plots of land. This helps the Company to purchase land at a reasonable price and support its future business expansion toward mixed-use project development, which combines shopping centers, office buildings, hotels and residential areas.

In developing a project, Central Pattana conducts market research, competitor analyses, studies into project viability and investment cost-effectiveness, target groups, direct and indirect competitors, and other key marketing information for market positioning and winning strategies. Finally, the Company tables its findings for committees at the management level and director level to approve before such information finds way into actual design, development, and construction.

Central Pattana has a continuous plan on developing new stores and renovating existing ones. The plan is, however, executed under risk management, which mainly involves 1) expansion of the retail shop tenant base while raising current tenants' capability, 2) When new shopping malls are open for service, Central Pattana regularly monitors and evaluate their performances such as traffic, lease rates and project's returns compared with targets. If the performance of any shopping malls does not achieve targets, property management team and sales and marketing team will conduct analyses to further propose suitable corrective measures.

Regarding the risk of developing residential projects, the current market competition has caused certain oversupply in some areas. Consumers' more careful spending and financial institutions' more stringent rule on launching financial products have slowed down investment in the residential

market sector. To invest in a residential project, Central Pattana needs a careful study and plan, which covers market research, customer and competitor analysis, project design, construction management, and sale and after-sales service. KPIs were tracked, including bookings, customers' payment record, approval of customers' loans, and the length of waiting list. Central Pattana launched one residential project in July 2019, Escent Park Ville Chiangmai (the third project in Chiang Mai), which was well received.

### 1.4 Risks of Overseas Investment

Central Pattana has expanded its investment to Southeast Asia to seek long-term growth opportunities while diversifying risk geographically. Potential countries were identified, such as Malaysia and Vietnam, for a feasibility study into customers, competitors, market, social and cultural environment, and relevant laws, knowledge and information obtained from Central Group were also useful for Central Pattana to delve into project viability and returns on investment before presenting the project to the Board for decision-making. Central Pattana, moreover, sought competent and experienced business allies in target countries to take equity in the investment, an approach to reinforce mutual strength.

In March 2019, Central Pattana launched the first shopping center in Malaysia at i-City Project - a 60:40 joint investment between Central Pattana and I-Berhad Group, a well-known property developer listed in Malaysia located in Shah Alam, Selangor, Malaysia, i-City UluTropolis Project is a mixed-use development featuring office space, a hotel, and residences.

Since foreign investment is a new area, Central Pattana conducted business with caution and restructured the organization to assign units responsible for closely monitoring and following up with the project progress so that Central Pattana could come up with risk management plans and timely solve problems.

## 2. Operational Risk

### 2.1 Risks of Adaptation to Technological Shift and New Business Model

Dynamic technological change has affected Central Pattana business, and Central Pattana has its own determination to achieve growth through new business models. Adaptation to such changes is vital to project success and Central Pattana's reputation.

What Central Pattana has done in dealing with risks in its operations included 1) human resource development - in which functional courses were reviewed and knowledge of digital technology has been shared among staff, 2) adjustment and redesign of work processes - in which the Agile and OKR approaches have been adopted in many areas, and 3) change toward digital HR - in which technology and digital tools have been applied to HR practices, ranging from recruitment, personnel development, staff records, to staff welfare.

### 2.2 Human Resources Risk

Human resources are vital to corporate success. Central Pattana keeps a suitable size of workforce well equipped with knowledge and skills. Its staff should be happy at work so that they can dedicate themselves to their duties and responsibilities, thus able to deliver fine performance. Amid the highly competitive labor market, risks of recruitment and retention of quality personnel are of Central Pattana's great concern.

- Recruitment of competent personnel from assorted channels. Internally, for instance, Central Pattana investigates job rotation, transfers to hometowns, and promotion, and externally Central Pattana uses social media and websites, searches leading universities' websites, and launches the Friend Persuades Friend, among others.
- Designation of key positions in various functions to groom successors. This move would enable such functions to continue uninterrupted when positions become vacant due to retirement or resignation.

- Personnel competency development. Central Pattana commands concrete methods, including career path planning, individual development planning, and greater synergy with the Central Group in personnel development, including joint curriculum development and ongoing sharing of expertise and experience among affiliates' executives.
- Measures designed to retain personnel through ongoing relations activities between employees and Central Pattana, including On Boarding activities for newcomers, New Year Greeting Communication Day, CPN Volunteers, Family Day, and Sport Day. An annual employee survey, called Power of Voice, provides findings and recommendations that find ways into improved processes and work environment. One of Central Pattana's sustainability missions clearly focuses on employee engagement and their quality of life.

### 2.3 Cyber Security Risk

Central Pattana recognizes cyber threats as a result of dependence on more and more technologies and digitalization. This dependence breeds more information thefts and cyber-attacks, affecting Central Pattana's business continuity and reputation. Central Pattana therefore issued several risk management measures. For system security, Central Pattana has been developing and enhancing computer systems such as hardware, software and computer network to protect them from new types of attacks. For personnel, Central Pattana created awareness of cyber threats, communicated with employees via several channels such as educating them via e-mail and the Central Pattana newsletter and held a seminar instructed by third-party specialists. To deal with potential incidents, Central Pattana adjusted its business continuity plan (BCP) and disaster recovery plan to align with the environment and computer systems in use. It annually implements a BCP drill and puts cyber insurance in place to mitigate the damage in case of incidents.

### 3. Compliance Risk

Central Pattana strictly observes applicable laws and regulations to ensure a compliant, reliable and transparent conduct of its business operations, compliance risks can be summarized as below:

#### 3.1 Compliance Risk Concerning Environmental and Safety Laws

Under Central Pattana's sustainability policy, which emphasizes environmentally friendly development and management of shopping centers to forge a safe atmosphere, the management system on safety and environmental standards is applied as guidelines to ensure that related units strictly observe Central Pattana's policies and applicable laws, with preparation for future laws. Outside experts were hired to review and provide recommendations to further ensure that Central Pattana's practices are correct and appropriate.

#### 3.2 Risks of Compliance with Personal Data Protection Act (PDPA)

The Personal Data Protection Act (PDPA), B.E. 2562, was promulgated, with effect from May 2020. Central Pattana, in its operations, deals with personal data of various groups of stakeholders, including customers, tenants, and staff. To get the organization ready before the new law comes into effect, Central Pattana reviewed its work processes that concern personal data, ranging from acquisition, storage, application, transfer, to disposal. Procedures have been established while work processes and the IT system have been adjusted. Policies on applicable legal documents have also been amended.

#### 3.3 Fraud and Corruption Risk

Committed to operating its business sustainably, Central Pattana focuses on good corporate governance and an effective internal control system. Besides defining the clear Anti-Corruption Policy and enforcing strict compliance, Central Pattana has joined the Collective Action Coalition against Corruption (CAC) and certified that it formulated an anti-corruption policy and guidelines that fully conforms to CAC's criteria. Central Pattana also prepares and communicates a Code of Conduct to suppliers and contractors to emphasize its standpoint.

In prohibiting and managing risks arising from corrupt practices, Central Pattana has set up measures to control and monitor key work processes that are at risk of corrupt practices, with an internal audit team conducting risk assessment and spot-checking to reaffirm the correctness, honesty and transparency of these processes, along with prohibiting risky behavior. Communication channels are also opened for stakeholders and whistleblowers to voice their complaints or recommendations directly to the Audit Committee or the President. A committee will be appointed to consider and investigate complaints through a systematic, transparent and accountable process to ensure confidence and trust in its fair investigation process for all related parties.

## 4. Financial Risk

Central Pattana's policy is to maintain continued growth contributed by shopping centers, residential, and other businesses that carve suitable investment opportunities. To achieve this objective, Central Pattana must be able to handle the financial risks listed below.

### 4.1 Liquidity Risk

Central Pattana implements a prudent monetary policy regarding capital expenditure. Comprehensive investment analysis is undertaken for each project so that only high-potential projects are submitted to the Investment Committee for meticulous consideration and approval. Regarding the sources of fund, Central Pattana maintains its capital structure with a low debt-to-equity ratio (up to 1) and applies appropriate financial instruments in sourcing capital, such as the preparation to use a Real Estate Investment Trust (REIT) as an alternative funding source.

After its commercial launch, Central Pattana constantly assesses the returns on each project and modifies strategies so that the project would achieve its targeted returns. These measures contribute to reducing financial risk and enabling Central Pattana to maintain a robust financial status, thus increasing Central Pattana's flexibility in sourcing sufficient funds for future business expansion at appropriate levels of finance costs and rates of return on investment.

### 4.2 Credit Risk

Central Pattana's credit risk prevention policies include 1) collecting deposits from tenants, 2) terminating leases for tenants who have defaulted on rents for a long time and accelerating coordination to negotiate and find solutions with them, and 3) closely following up debt collection so that most tenants pay their rents in time. In case of overdue payments, related units will cooperate to effectively deal with default payment.

## 5. Hazard Risk

Central Pattana's core business connects with properties and diverse groups of stakeholders, for example, customers who purchase products and services, tenants and surrounding communities. These groups highly expect that Central Pattana's operation will ensure their safety. Central Pattana therefore recognizes and commits itself to conducting risk management for safety from dangerous threats, which include:

### 5.1 Natural Disaster Risk

Global warming is causing increased recurrence of abrupt changes in weather conditions with severe impacts. Therefore, many areas of Thailand faced natural disasters such as thunderstorms, floods and earthquakes, which pose major risks to Central Pattana's properties and services.

Central Pattana requires each shopping center to assess its natural-disaster risks because natural disasters vary in different areas. For example, the North is more prone to thunderstorms, hail storms and earthquakes, while flash floods and monsoons are more common in the South. Central Pattana also put in place risk mitigation measures, such as the requirement to constantly inspect the strength of buildings and facilities, together with preparation of mitigation actions and tools. The latter includes dredging of drainage passages, adding water pumps at flood-prone shopping complexes, finding alternative water sources to alleviate drought, and inviting experts in building structures to assess earthquake impacts and provide recommendations on how to handle future incidents. Central Pattana also reviews and prepares a crisis management plan to cover more scenarios, with regular drills to ensure personnel's crisis preparedness.

Statistics on natural disasters and the solution outcomes are systematically monitored and collected as incident cases for analysis to improve response plans and the effective management of these plans before reporting them to the Risk Management Committee for acknowledgment and consideration.

## 5.2 Risk Arising from Unrest

Incidents of unrest or terrorism currently pose critical threats to international communities no matter where they are. Recognizing such threats, Central Pattana undertakes the following risk management measures:

- 1) Coordinate and monitor information provided by government agencies or relevant bodies for an accurate and timely assessment of each situation. The color-code system, which indicates the severity of situation on a real-time basis, is utilized to communicate with relevant parties for proper preparation and responses under specified guidelines.
- 2) Provide relevant employees with knowledge and training to be alert and capable of observing unsafe incidents, with regular conduct of crisis response drills.
- 3) Install an adequate number of modern safety equipment, such as Walkthrough Metal Detector and CCTV cameras, which effectively provide detailed recording of incidents and contribute to suppression of unrest incidents.

## 5.3 Other Crisis Risks

Recognizing the importance of business continuity management, Central Pattana's Business Continuity Management Committee (BCM Committee), chaired by the President, is responsible for establishing policies and supervising formulation of business continuity plans, together with annual business continuity drills for further improvement.



## Chapter 18

# MANAGEMENT AND DISCUSSION ANALYSIS

## Executive Summary

In 2019, Thai economy has decelerated with GDP reported at 2.4% decreased from 4.2% in 2018 as a result of declining in export growth and Baht appreciation. The world-trade sluggish effecting from Trade War which impacted the global economic sentiment. However, the Thai economy is attributed mainly by number of factors, namely 1) Growth in Tourism sector particularly in 2H19 2) Government spending and investment in infrastructure despite a lower rate of growth due to the delay of government establishing and pending promulgation of 2020 capital expenditure 3) growth in private consumption from government subsidy to the low-income citizens and local tourist promotion. Meanwhile, internal and external factors that affect the Thai economy are the inconclusive trade war between the US and China. Thai economy outlook in 2020 is expected to grow under its potential, the Bank of Thailand estimates GDP growth at 1.5% to 2.5% from a slow pace of export, the drought circumstance and corona virus infection (COVID-19). Believing that government will launch new measures to stimulate Thailand economic growth and tourism sector, the policy rate recently cut to 1.0% to stimulate the economic growth momentum and stabilized financial system.

The performance of Central Pattana Public Company Limited ("The Company" or "Central Pattana") in 2019 shows total revenue of Baht 38,403 mn, an increase of 8.7% and net profit stood at Baht 11,738 mn, an increase of 4.7% from the same period in the previous year (YoY). The shopping mall business, which is the Company's core business, continues to perform strongly, especially on a same-store basis that continues to grow together with cost effective management. Excluding the non-recurring items, total revenue increased 9.0% YoY and net profit increased 7.4% YoY.

The Company continues to emphasize on effective revenue generation through new shopping malls, enhancement of existing malls, new mixed-use development projects, such as residential development, study into value-accretive merger and acquisition (M&A) opportunities, as well as apply efficient cost management to its businesses. Furthermore, the Company is currently preparing to lease assets to CPN Retail Growth Leasehold REIT (CPNREIT) with 4 additional assets, as well as the extension of lease at Central Rama 2, with a total transaction value of no more than Baht 48,560 mn as announced on the Stock Exchange of Thailand on October 17, 2019. The Company currently manages 34 shopping malls with the net leasable area (NLA) of approximately 1.8 mn sqm. At the end of 2019 the average occupancy rate for all domestic retail properties stood at 93%.



Total revenue increased

**9.0**

Net profit increased

**7.4**

(Excluding the non-recurring items)



The Company currently manages

**34**

shopping malls

Net leasable area (NLA) of approximately

**1.8**

mn sqm.

Average occupancy rate for all domestic retail properties

**93%**



## Major Events in 2019

### New Retail Development to Become the “Center of Life”

#### **Celebrated an opening of Central i-City,**

The first international retail property with a soft opening on March 23, 2019 and grand opening on June 15, 2019. The Company and the i-Berhad Group, a leader in real estate development in Malaysia, have jointly developed Central i-City, through 60% and 40% investment proportions respectively. Located in a high potential area, Central i-City is part of the i-City Ultrapolis, one of the country's largest mixed-use development complex located in the city of Shah Alam, Selangor State, Malaysia which has received good responses from shoppers. The occupancy rate at the end of 2019 is 83%.

#### **Central Phuket Floresta enhances its position as “The Magnitude of Luxury & Leisure Resort Shopping Destination”**

By introducing “TRIBHUM: The Mystic of Three Worlds”, the world's first 3D walkthrough theme park under concept of The World's Must Visit Destination in Thailand, opened luxury zone gathering the best of global luxury brand and opened the largest aquarium in Thailand “AQUARIA Phuket” inside also representing ‘Andasi’, an exclusive largest Bar & Restaurant underwater world in ASEAN. The iconic attractions are a well-blended component of Central Phuket Floresta as the world's luxurious shopping and leisure destination of choice.

#### **The opening of Central Village (initial phase)**

Held on August 31, 2019, the first luxury outlet format in Thailand which is the 34<sup>th</sup> shopping mall located close to Suvarnabhumi Airport offering more than 130 shops serving both local and tourist customers. After formal opening, an average traffic reached more than 17,000 visitors per day. The first phase accounted for approximately 20,000 sqm. NLA with occupancy rate stood at 96% at the end of 2019.

Following the successful launch of Central Village, the Company secured a strategic alliance with Mitsubishi Estate Asia Pte. Ltd. (“MEA”) to invest more than Baht 1 bn in Central Village through acquiring shares of CPN Village Company Limited on November 26, 2019. Hence, MEA, the leading luxury outlet operator in Japan, holds 30% ownership in the project. This collaboration will enhance Central Village's position to be the top luxury outlet destination in ASEAN.

### Asset Enhancement Initiatives

The Company focuses on asset enhancement initiatives to increase the value of existing shopping malls, customers, tenants and societies, and to maintain normal revenue and generate a sustain long-term returns. In 2019, the Company progressed with the following asset enhancement initiatives.

#### **Renovation programs of existing malls which have been completed in 2019**

comprising 1) Central Chiangrai, which has been completed the renovation by introducing Food Park and Kadluang Zone; 2) Central Chonburi, which has been completed the renovation by introducing ‘Destination Concept’ i.e. Food Destination and Co-working Space, to name a few; 3) Central Lardprao, which has been completed the renovation by introducing the new destination concepts as well as integrate the mall entrance area with the future sky train station and opened a new concept of Restaurant zone in the 4th floor.

#### **Renovation programs of existing malls in 2019 and are under way to be completed in 2020**

comprising a renovation at 1) Central Phuket Festival, has partially completed the renovation of area previously occupied by Central Department Store, shops are under decorating and continue to open; 2) Central Pattaya, has completed the renovation of Food Park while an International Food Park is underway of re-development to include new vendors catered towards both locals and foreign tourists.

## Investment Diversification to Generate New Revenue Stream

The Company actively find opportunity for new potential investment driven its business growth compatible with strengthen the revenue structure and support sustainable growth strategy. In 2019, the Company progressed with the following new investments.

### Investment in Grab Thailand

On May 30, 2019, the Company invested in Chipper Global Limited through a subsidiary company namely Central Pattana Chiangmai Company Limited with 100% stake, implying an investment in Porto Worldwide Limited with 33% stake. The objective is to invest in Grab businesses in order to enhance channel for business expansion, assist core business including increase traffic as well as food delivery service which could enhance tenant's sales.

### Debut the first “Common Ground Co-working Space” in Thailand

At the G Tower office building located in Rama 9 next to Central Rama 9. The 4,500 sqm. co-working space is a joint venture between the Company and Common Ground Malaysia to create destination and combine work and living integration with the shopping center together. Furthermore, the Company plans to open another new Common Ground Co-working Space at The Offices at centralwOrld in 2020.

## Diversification into Mixed-use Development Projects

The Company sees the potential in mixed-use development projects, which consist of residential projects, office buildings and hotels, in the same complex as the shopping malls to support and maximize the benefits of the latter's business. In 2019, the Company have made notable progresses in the following mixed-use development projects.

### Investment in Bayswater Company Limited

On May 17, 2019, the Company acquired ordinary shares in Bayswater Company Limited from BTS Group Holdings Public Company Limited (BTS) accounted for 50% of the total issued and sold shares of Bayswater. The investment could enhance the Company's latency to compete as well as expand revenue base from land bank at Paholyothin Road where potentially develop the mixed-use project in the future including boost up management efficiency and reduce risks of entering the share acquisition made by others.

### Collaboration regarding the study of Mixed-use Development

On June 12, 2019, the Company established CPN and HKL Company Limited, a joint venture company between the Company and HKL (Thai Developments) Company Limited with shareholding proportion of 51% and 49% respectively with a registered capital of Baht 1 mn. The objective is to study the development of the mixed-use project in Thailand.

### Development and management of residential projects

- Residential projects that are completed and transferred to customers at 7 locations, namely ESCENT RAYONG, ESCENT CHIANGMAI and ESCENT KHONKAEN where all units have been fully transferred. While, ESCENT VILLE CHIANGMAI, ESCENT VILLE CHIANGRAI, ESCENT NAKHONRATCHASIMA and PHYLL PHAHOL 34 have been completed the construction and under transfer process to customers.

- Residential projects that are open for pre-sale and in the process of construction at 3 locations, namely 1) ESCENT UBONRATCHATHANI, currently has 80% pre-sales take up, will be completed and ready for transfer by 2020; 2) ESCENT PARK VILLE CHIANGMAI currently has 50% pre-sales take up, will be completed and ready for transfer by 2020 and 3) NIYHAM BOROMRATCHACHONNANI, a single-detached housing project located on Boromratchachonnani Road, has already transferred 5 units which currently is in the process of construction and decorations to support future demands.

### Uphold Excellence of Business Sustainability

The Company has been selected to be a membership of Dow Jones Sustainability Indices (DJSI). Furthermore, it is the only property developer company and be one of twelve company in Thailand that has been selected to be a membership of DJSI World for two consecutive years (2018-2019) and DJSI Emerging Market for six consecutive years (2014-2019) reflecting the philosophy of sustain business sense which be aware of community, environment and all stakeholders to drive a sustain social and community.



## Financial and Operating Performance in 2019

Table 1: Summary of net leasable area and occupancy rate

	Number of projects and net leasable/salable area under Central Pattana management at the end of 2019								Occ. Rate / Sales Rate (%) <sup>3</sup>
	Total		Central Pattana		CPNREIT <sup>1</sup>		CPNCG <sup>2</sup>		End of 2019
	No.	sqm.	No.	sqm.	No.	sqm.	No.	sqm.	
Retail properties									
Shopping malls - BMA	15	931,128	15	784,048	3	147,080			95
Shopping malls - Provinces <sup>4</sup>	18	792,566	18	725,356	2	67,210			91
Total domestic retail properties	33	1,723,694	33	1,509,404	5	214,290			93
Shopping malls - International	1	85,326	1	85,326					83
Total retail properties	34	1,809,020	34	1,594,730	5	214,290			93
Non-core businesses									
Office buildings	7	172,173	5	56,194	2	34,307	1	81,672	95
Hotels	2	561 rooms	1	259 rooms	1	302 rooms			77
Residential (high rise)	7	2,727 units	7	2,727 units					84
Residential (low rise)	1	71 units	1	71 units					7

	Number of projects and net leasable/salable area under GLAND at the end of 2019						Occ. Rate / Sales Rate (%)
	SCU		GLAND		GLANDRT		End of 2019
	No.	sqm.	No.	sqm.	No.	sqm.	
Non-core businesses							
Office buildings	3	148,938	1	67,606	2	81,332	96
Residential (high rise)	1	1991 units	1	1991 units			99
Retail space in buildings		25,944		25,944			65

<sup>1</sup> Assets under CPNREIT comprises 5 shopping malls, namely Central Rama 2, Central Rama 3, Central Pinklao (including Pinklao Tower A & B office buildings), Central Chiangmai Airport and Central Pattaya

<sup>2</sup> Assets under CPNCG 1 office building, namely The Offices at centralwOrld

<sup>3</sup> Occupancy rate of Hotel Business was an average of occupancy rate in each quarter

<sup>4</sup> Central Phuket, which consists of the Central Phuket Floresta and Central Phuket Festival, is counted as a single project

## Overview

As of December 31, 2019, the Company managed 34 shopping centers (15 projects in Bangkok Metropolitan Area (BMA), 18 projects in the provinces, and 1 project overseas), 30 food centers, 7 office towers, 2 hotel properties, 7 high-rise residential projects, 3 of which fully transferred, 4 of which on process of transfer, 2 of which under development and 1 low-rise residential project for sale (totaling 71 units in all phase), which includes the properties transferred to CPNREIT and CPNCG

At the end of 2019, the average occupancy rate of the Company's domestic shopping malls stood at 93%, equal to the same period of previous year. Most of the shopping malls maintained high level of occupancy rate despite the short-term effect from malls under renovation. Including Central i-City, which was fully opened in June 2019, an average overall occupancy rate of the Company's shopping malls stood at 93%, increased QoQ from 91% due mainly to occupancy rate of Central i-City ramp up. The ongoing renovation of shopping malls will be gradually completed from through 2020, which should boost the occupancy rate going forward.

In 2019, same store rental revenue growth stood at 3.4% YoY. Overall the Company continues to achieve the targeted rental rate growth for shopping malls across the portfolio. The same store rental revenue excludes that of 1) the new mall in 2018, namely Central Phuket Floresta; 2) new malls in 2019, namely Central i-City and Central Village; 3) malls under major renovation during 2018 and 2019, namely centralwOrld, Central Lardprao, Central Chonburi, Central Chiangrai, Central Phuket Festival and Central Pattaya.

## Summary of GLAND's results

As of December 31, 2019, the operating assets under GLAND comprise of; 1) 3 office buildings (aggregate occupancy rate at 96%), which includes 2 office buildings transferred to GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"); 2) 1 residential project for sale (a total of 1,991 units with 24 units remaining to be sold and transferred); 3) leasable retail area within office buildings and residential project at 25,944 sqm. (aggregate occupancy rate at 65%), and 4) 4 undeveloped land plots, 2 of which are planned for mixed-use development projects and the other 2 planned for residential development. Hence, the Company consolidates GLAND's financial performance from September 13, 2018 onwards.

In 2019, GLAND's contribution to the Company's financial result, excluding non-recurring items, shows total revenue of Baht 1,791 mn and net profit stood at Baht 312 mn. The difference versus GLAND's reported statement of comprehensive income comes from the investment properties that the Company recorded at the time of acquisition of GLAND, which reflected the fair value of GLAND's investment properties at that time. As a result, the depreciation and amortization expenses from those investment properties, which represents most of GLAND's operating cost, is higher under the Company's book compared to GLAND's book, which are based on its original cost.

## Non-recurring items

The Company has non-recurring items during 2019 compared to the previous year as follows:

- In 1Q19, the Company sold a total of 42.5 million shares of its ownership in Dusit Thani Public Company Limited, or "DTC", or approximately 5% of the total issued and paid-up shares of DTC, at the price of Baht 12 per share. As a result, the Company reported a decrease in ownership of DTC from 22.58% to 17.58% and recorded a gain from the transaction for Baht 44.8 mn under other income.
- In 2Q19, the Company recognized a provision of employee benefit for retirement amount Baht 116 mn, as well as a retroactive adjustment for GLAND amount Baht 15 mn which are classified under administrative expenses.

- In 4Q19, the Company sold shares of CPN Village Company Limited, a subsidiary, to Mitsubishi Estate Asia Pte. Ltd. ("MEA") with 30% ownership stakes and recognized gain on sale of shares before tax amounting Baht 254 mn which classified under other income.
- In 2018, the Company made an accounting adjustment related to the original land lease contract at Central Rama 2 for Baht 393 mn. Total amount, recorded as other income for the period, came about following the extension of the land lease agreement on June 28, 2018, which will be in effect until years 2055 and 2060 (some parts).

## Total Revenue

In 2019, the Company reported total revenue of Baht 38,104 mn, an increase of 9.0% YoY. Main components of revenue are as follows.

### Revenue from rent and services

The Company reclassified certain items between revenue from rent and services and other income to accurately reflect the business nature. The reclassification to 2018 financial statements is shown in the Notes to the Financial Statements No. 39.

In 2019, the Company recorded revenue from rent and services at Baht 31,843 mn, an increase of 9.7% YoY. Despite the impact from the ongoing renovations, the business posted solid revenue growth as summarized below.

- Contributions from new mall: 1) Central Phuket Floresta which was opened in September 2018; 2) Central i-City which was opened in March 2019 and 3) Central Village which was opened in August 2019.
- Performance improvement from malls under major renovation gradually open in 2018 and 2019, namely centralwOrld, Central Chiangrai, Central Chonburi and Central Ladprao.
- Strong performances of existing shopping malls, such as Central Rama 3, Central Eastville, Central Mahachai, Central Nakhon Si, Central Westgate, Central Chiangmai, Central Phitsanulok and Central Rama 9.

### Revenue from food center services

Due to the adoption of Thai Financial Reporting Standard 15 (TFRS 15) on Revenue from Contracts with Customers, effective on January 1, 2019 onwards, the Company has amended the recognition of revenue from food and beverages in 2019 to accurately reflect the business nature of food center services. Hence, the information in the previous year have been adjusted for appropriate comparison.

In 2019, the Company recorded revenue from food center services at Baht 851 mn, an increase of 16.2% YoY due to the following factors.

- Contributions from newly opened food courts at Central Phuket Floresta and Central Village as well as completion of food court which opened in 2019 at centralwOrld, Central Rama 3, Central Chiangrai and Central Chonburi.
- Strong performances of existing food courts both in BMA and provinces, such as Central Chaengwattana, Central Pinklao, Central Nakhon Si, Central Ubon, Central Rayong, Central Khonkaen and Central Phitsanulok.

### Revenue from hotel operations

The Company adopted a new hotel revenue and cost recognition from 2019 onwards in which net revenue from services was reported as gross revenue and cost on cash basis, resulting an increase both in revenue and cost items. In 2018, the Company made a full-year revenue adjustment in 4Q18.

Hotel operations are considered non-core businesses. In 2019, revenue from hotel operations was Baht 1,121 mn, a decrease of 7.2% YoY. Overall hotel performance was slightly dropped as the average room occupancy at Hilton Pattaya Hotel stood at 89%, lower than the previous year at 93%, as tourism softened. The average room occupancy at Centara Hotel and Convention Center Udonthani stood at 71%, slightly lower than the previous year at 75%. The average room rate of both hotels also trended slightly lower from that of last year.



### Revenue from sales

In 2019, the Company recorded revenue from sales at Baht 2,904 mn, an increase of 5.2% YoY due to higher magnitude of transfers of condominium units, namely at ESCENT VILLE CHIANGMAI, ESCENT VILLE CHIANGRAI, ESCENT NAKHONRATCHASIMA, PHYLL PHAHOL 34 and Belle Grand Rama 9, as well as NIYHAM BOROMRATCHACHONNANI single-detached housing project. Hence, the residential transfers for the year has largely met the Company's.

### Total Costs

In 2019, the Company reported total costs of Baht 18,086 mn, an increase of 9.9% YoY. Main components of the costs are as follows.

#### Cost of rent and services

Costs of rent and services constituted utilities, security & cleaning services, on-site personnel, land rental, depreciation & amortization, repair & maintenance costs and insurance premium and property tax of properties owned for rental.

In 2019, the Company reported cost of rent and services at Baht 15,481 mn, an increase of 9.5% YoY. The increase is in-line with the growth of rental and services revenue increased due to the following factors.

- Higher operating and depreciation costs of newly opened malls and renovated projects from 2018 to 2019, namely Central Phuket Floresta, Central i-City, Central Village, centralwOrld, Central Chiangrai, Central Chonburi, Central Ladprao and Central Pattaya.
- Utility costs, a major component (accounts for approximately 30% of cost of rent and services) for shopping mall operations, increased from the same period a year earlier amidst the continuous rise in electricity Ft rate throughout 2019. The Company, meanwhile, achieved lower electricity unit consumption compared to last year thanks to the Company's continuous effort to conserve energy and utilities in operations. Hence, the same-store utility cost decreased 0.6% YoY.
- Higher maintenance, repair and personnel expenses to support the expansion of new shopping malls.

#### Cost of food center services

The Company has amended the recognition of cost of food and beverages in 2019 in compliance with TFRS 15, consistent with the revenue from food center services.

In 2019, the Company reported costs of food center services at Baht 394 mn, an increase of 18.6% YoY. The rise in cost is in-line with the growth in revenue from food center services, which came from the new food courts opened at new malls in 2018 and 2019, namely Central Phuket Floresta and Central Village as well as renovated food court completion of centralwOrld, Central Rama 3 and Central Chiangrai, Central Chonburi and Central Pattaya. Moreover, the better cost management of the existing food courts in the Food Destination zones, the Company can attain an optimum level of operating cost for its food center services business.

#### Cost of hotel operations

The Company adopted a new hotel revenue and cost recognition from 2019 onwards in which net revenue from services was reported as gross revenue and cost on cash basis, resulting an increase both in revenue and cost items. In 2018, the Company made a full-year cost adjustment in 4Q18.

In 2019, the Company reported costs of hotel operations at Baht 379 mn, a decrease of 10.5% YoY due mainly to the above-mentioned adjustment. Both hotels showed effective cost control in both room stays and food and beverage.

#### Cost of sales

In 2019, the Company reported costs of sales at Baht 1,833 mn, an increase of 17.1% YoY. The increase is in-line with the higher revenue from sales as described earlier.

## Administrative Expenses

Total administrative expenses constituted expenses on personnel, marketing & promotion, rental expense of Hilton Pattaya Hotel based on the sublet agreement with CPNREIT, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

In 2019, the Company reported total administrative expenses at Baht 6,708 mn, an increase of 9.7% YoY. The increase is mainly attributed to higher personnel due to the larger business size to support future business expansion as well as an increase in rental expense incurred to CPNREIT for the sublet of Hilton Pattaya. The amount also includes administrative expenses associated with GLAND's operations since the acquisition in 3Q18 onwards. Nonetheless, the Company demonstrated prudent cost control measures and closely monitors the expenditure level to match revenue growth. Hence, the administrative expenses to total revenue ratio stood at 17.6%, which is slightly higher than the previous year's at 17.4%

## Gross Profit Ratio & Operating Profit Ratio

In 2019, the gross profit ratio, excluding other income, dropped to 50.7% from 51.2% in the previous year, whilst operating profit ratio dropped proportionately to 35.2% from 35.6% in the previous year.

The gross profit ratio for the rent and services business, which is the Company's core business, stood at 51.4%, an increase from 51.3% in the previous year thanks to effective cost management. On a same-store basis, gross profit margin rose 1.9% YoY and operating profit margin rose 2.0% YoY as the Company continues to implement effective and cost management and prudent cost control measures to maintain its profitability.

## Net Profit

In 2019, the Company reported a net profit of Baht 11,621 mn, an increase of 7.4% YoY thanks to strong growth in rent and services revenue, well-controlled expenditures, and higher share of profit from joint ventures and associated companies, despite incurring higher financing cost from additional interest-bearing debt following the acquisition of GLAND in September 2018 and new loan for business expansion to generate new revenue stream. The Company continues to exercise effective cost management and according to the changing business environment.

Table 2: Summary of Profit &amp; Loss Statement

Unit: mn Baht

	FY 2018	FY 2019	Increase (Decrease)
Revenue from rent and services	29,026	31,843	10%
Retail	28,078	30,433	8%
Office	948	1,410	49%
Revenue from hotel operations	1,208	1,121	(7%)
Revenue from food center services	733	851	16%
Revenue from real estate sales	2,762	2,904	5%
Other income	1,613	1,683	4%
Total revenues	35,341	38,403	9%
Excluding non-recurring items	34,949	38,104	9%
Cost of rent and services	14,142	15,481	9%
Retail	13,843	15,050	9%
Office	300	431	44%
Cost of hotel operations	423	379	(11%)
Cost of food center services	332	394	19%
Cost of real estate sales	1,566	1,833	17%
Total cost of operations	16,463	18,087	10%
Selling, general and admin expense	6,114	6,839	12%
Operating profits	12,764	13,478	6%
Excluding non-recurring items	12,371	13,310	8%
Net finance cost/income tax/others	1,548	1,739	12%
Net profit	11,216	11,738	5%
Excluding non-recurring items	10,823	11,621	7%
Earnings per basic share (THB)	2.50	2.62	5%
Excluding non-recurring items	2.41	2.59	7%

## Capital Structure

As of December 31, 2019, the Company reported total interest-bearing debt of Baht 33,210 mn, an increase from the balance as of December 31, 2018 of Baht 30,398 mn, mainly due to the higher long-term borrowings from financial institutions and new debentures issued. The weighted average financing cost at the end of 2019 stood at 2.91%, lower than 3.31% in 2018. Fixed interest rates debt comprises 56% of total interest-bearing debt whilst floating interest rates make up the remaining 44%.

Net interest-bearing debt to equity ratio stood at 0.37 times, equal to the ratio at the end of 2018, Although the Company has higher interest-bearing debt amount, the Company also recognized higher retain earnings at the end of 2019.

The Company emphasizes on the importance of effective management of its capital structure to be resilient towards the volatile money market and capital market, as well as maintain its financing cost at an optimum level for its businesses going forward.

## Financial Position

### Total Assets

As of December 31, 2019, the Company reported total assets at Baht 169,933 mn, an increase of Baht 8,225 mn or 5.1% from the previous year. Total assets include the following items.

#### Current Assets

Current assets consist of cash and cash equivalent, short-term investments, net trade and other accounts receivable, and real estate projects under development.

As of December 31, 2019, the Company reported current assets at Baht 16,378 mn, an increase of Baht 1,077 mn or 7.0% from the previous year. Key drivers to the change are:

- An increase in real estate projects under development of Baht 574 mn mainly from the income awaiting collection from retail tenants.
- An increase in other accounts receivable of Baht 438 mn mainly from the income awaiting collection from retail tenants.

### Dividend

The Company has a dividend policy of no less than 40% of annual net profit. On February 20, 2020, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, to be held on April 29, 2020, to approve the dividend payment of Baht 1.30 per share to be paid from the 2019 net profit. Hence, the proposed dividend payout ratio from the 2019 consolidated net profit is at 49.7%.

### Shares Repurchase Project

On February 20, 2020, the Board of Directors passed a resolution of Shares Repurchase Project for a purpose of financial structure management. The number of shares repurchase will not exceed 77 mn shares or no more than 1.7% of the Company's number of paid-up shares capital, or not exceed the limit of Baht 5,000 mn total transaction amount. The repurchases will be made on the Stock Exchange of Thailand during March 6, 2020 to September 5, 2020.

### Non-current Assets

Non-current assets consist of restricted bank deposits, investments in joint ventures and associates, long-term investment in related businesses and other businesses, deferred tax assets, investment properties, leasehold rights, goodwill and net property, plant and equipment.

As of December 31, 2019, the Company reported non-current assets of Baht 153,555 mn, an increase of Baht 7,148 mn or 5.0% from the previous year. Key drivers to the change are:

- An increase in leasehold rights of Baht 6,697 mn mainly from the payment of the Rama 2 land lease extension, transferred value of investment properties from renovation of centralwOrld and Central Lardprao, as well as on the acquisition of land lease and sublet rights for future business expansion.
- Advance payment for shares of Bayswater Company Limited ("Bayswater") of Baht 2,310 mn.
- An increase in investment in associates and joint ventures of Baht 2,267 mn mainly from investment in

Common Ground (Thailand) Company Limited and investment in Porto Worldwide Limited purpose for investing in Grab Thailand.

- A decrease in investment properties of Baht 3,909 mn mainly from transferred to leasehold rights.
- A decrease in other non-current assets, particularly in advance payment for purchases of investment properties and leasehold rights, to name a few.

## Total Liabilities

As of December 31, 2019, the Company reported total liabilities of Baht 89,471 mn, an increase of Baht 1,939 mn or 2.2% from the previous year. The Company's liabilities include the following items:

### Current Liabilities

Current liabilities consist of trade and other accounts payable, interest-bearing debt due within 1 year from both related parties and other parties, portion of advances on rental and services revenue to recognize within 1 year, portion of leasehold rights payable due within 1 year and income tax payable.

As of December 31, 2019, the Company reported current liabilities at Baht 21,075 mn, a decrease of Baht 3,508 mn or 14.3% from the previous year. Key drivers to the change are:

- A net decrease in interest-bearing debt due within 1 year such as promissory note and short-term loan from financial institutions of Baht 2,137 mn.
- A decrease in contractor payables of Baht 1,084 mn as well as a decrease in trade accounts payable and other payables totaling of Baht 704 mn.
- An increase in non-current liabilities such as income tax payable and current portion of advance received from rental and service income.

### Non-current Liabilities

Non-current liabilities consist of long-term interest-bearing debt, deferred tax liabilities, employee benefit obligations, accounts payable of leasehold rights, advances on rental and services revenue, customer deposits, guarantees for leasehold rights and provision for decommissioning and restoration.

As of December 31, 2019, the Company reported non-current liabilities at Baht 68,396 mn, an increase of Baht 5,447 mn or 8.7% from the previous year. Key drivers to the change are:

- An increase in long-term interest-bearing debt of Baht 5,641 mn mainly on long-term loans from financial institutions for the purpose of effective capital structure management with the aim to support the investment plan and optimize the cost of debt.
- An increase in customer deposits of Baht 335 mn, consistent with the higher number of shopping malls and tenants.
- An increase in provisions of employee benefits for retirement of Baht 188 mn., the Company amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019 resulting in additional compensation paid to employees.

### Shareholders' Equity

As of December 31, 2019, the Company reported total shareholders' equity at Baht 80,462 mn, an increase of Baht 6,287 mn or 8.5% from the previous year. Key drivers to the change are:

- An increase in unappropriated retained earnings of Baht 6,450 mn, comprises net comprehensive profit for the year at Baht 11,738 mn, net of dividend paid during the year at Baht 4,937 mn and acquisition in non-controlling interest of subsidiaries at Baht 352 mn.
- A decrease in other components of equity of Baht 48 mn mainly from the translating foreign operations.
- A decrease in non-controlling interests of Baht 116 mn.

Table 3: Summary of Financial Position

Unit: mn Baht

	End of 2018	End of 2019	Increase (Decrease)
<b>Current assets</b>			
Cash and current investments	3,067	3,055	(0%)
Other current assets	12,235	13,324	9%
<b>Total current assets</b>	<b>15,301</b>	<b>16,378</b>	<b>7%</b>
<b>Non-current assets</b>			
Investment properties <sup>1</sup>	108,412	104,503	(4%)
Leasehold rights	14,086	20,783	48%
Property & equipment (PP&E)	1,646	1,597	(3%)
Other non-current assets	22,262	26,672	20%
<b>Total non-current assets</b>	<b>146,407</b>	<b>153,555</b>	<b>5%</b>
<b>Total assets</b>	<b>161,708</b>	<b>169,933</b>	<b>5%</b>
<b>Current liabilities</b>			
Interest-bearing debt - 1 year	10,876	8,739	(20%)
Other current liabilities	13,707	12,336	(10%)
<b>Total current liabilities</b>	<b>24,583</b>	<b>21,075</b>	<b>(14%)</b>
<b>Non-current liabilities</b>			
Interest-bearing debt	19,522	24,471	25%
Other non-current liabilities	43,427	43,925	1%
<b>Total non-current liabilities</b>	<b>62,949</b>	<b>68,396</b>	<b>9%</b>
<b>Total liabilities</b>	<b>87,532</b>	<b>89,471</b>	<b>2%</b>
<b>Shareholders' equity</b>			
Retained earnings - unappropriated	55,007	61,457	12%
Other shareholders' equity	19,169	19,005	(1%)
<b>Total shareholders' equity</b>	<b>74,176</b>	<b>80,462</b>	<b>8%</b>

<sup>1</sup> Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value as of December 31, 2019 is Baht 252,051 mn (Baht 219,161 mn as of December 31, 2018), as stated in the disclosure notes to the main financial statements no. 14 under "Investment Properties".



Table 4: Key Financial Ratios

	FY 2018	FY 2019	Increase (Decrease)
<b>Profitability Ratio</b>			
Gross profit margin <sup>1</sup> (%)	51%	51%	(0%)
Rent and services	51%	51%	0%
Hotel operations	65%	66%	1%
Food center services	55%	54%	(1%)
Real estate sales	43%	37%	(6%)
Operating profit margin (%)	36%	35%	(1%)
Excluding non-recurring items	35%	35%	(0%)
Net profit margin <sup>2</sup> (%)	32%	31%	(1%)
Excluding non-recurring items	31%	30%	(0%)
Return on equity <sup>3</sup> (%)	16%	15%	(1%)
Excluding non-recurring items	16%	15%	(1%)
<b>Efficiency Ratio</b>			
Return on assets <sup>3</sup> (%)	8%	7%	(1%)

	End of 2018	End of 2019	Increase (Decrease)
<b>Liquidity Ratio</b>			
Current ratio (times)	0.62	0.78	0.16
Quick ratio (times)	0.12	0.14	0.02
<b>Financial Policy Ratio</b>			
Liabilities to equity ratio (times)	1.18	1.11	(0.07)
Net interest-bearing debt to equity ratio <sup>4</sup> (times)	0.37	0.37	0.00

<sup>1</sup> Excludes other income and non-recurring items<sup>2</sup> Net profit to Company / Total Revenue (excluding share of profit from associated companies and joint ventures)<sup>3</sup> Return on assets and return on equity (including non-controlling interest) are calculated based on net profit in the last twelve months<sup>4</sup> Interest-bearing debt (excluding amount from related parties) to equity net of cash and cash equivalent and short-term investments

## Liquidity and Funding Adequacy

### Sources and Uses of Funds

#### Cashflow

As of December 31, 2019, the Company has cash and cash equivalent balance of Baht 2,053 mn, a increase of Baht 968 mn or 32% from the previous year. Key movements in the cash and cash equivalent are as follows:

- **Cashflow from Operating Activities**

In 2019, the Company receives a net cash inflow after foreign exchange difference adjustment of Baht 17,594 mn, mainly attributed by the cash receipt from profits following a strong operating performance, as well as cash receipt from the changes in working capital, other assets and liabilities, such as increases in other non-current assets and advance received from rental and service income. Whilst, the real estate projects under development decreased as reclassified to cost of real estate sales so that the Company has appropriate liquidity matched its larger business operations to support new investments opportunities and business growth.

- **Cashflow from Investing Activities**

In 2019, the Company has a net cash outflow from investing activities at Baht 15,896 mn. comprises short-term investments, acquisition of investment in subsidiaries, associates and joint ventures and advance payment for shares of Bayswater Company Limited

including capital expenditure (CAPEX) of new malls opened in 2019 namely, Central i-City and Central Village as well as renovation of existing shopping malls namely, Central Chiangrai, Central Chonburi and Central Ladprao. Meanwhile, the Company recognizes cash outflow as a result of an advance payment for purchase of investment properties and leasehold rights according to Central Rama 2 land lease extension. However, the Company still has cash received from sale of long-term investments.

- **Cashflow from Financing Activities**

In 2019, the Company has a net cash inflow from financing activities at Baht 2,666 mn, mainly from interest paid and dividend paid to owners of the Company. Nonetheless, the Company has a net receipt on loans from financial institutions and investors as part of the effective capital structure management plan resilient to the money and capital markets environment, as well as to support the business plan.

- **Capital Expenditure**

In 2019, the Company spent approximately Baht 20,838 mn of CAPEX, which comprises Baht 9,566 mn for land acquisition and development of new projects in the future, Baht 6,728 mn for the enhancement of existing shopping malls, Baht 2,412 mn for mixed-use development projects, such as residential development, and Baht 2,132 mn on investments supported the core business.

## Business Plan

### Outlook for 2020 Performance

The Company prepared its 2020 business plan with a few key factors that shape the financial performance expectation, such as revenue growth, cost of business, financing cost and selling and administrative expenses. The Company continuously monitors the financial performance on a quarterly basis and is ready to calibrate its business plan according to the changing economy and industry environments. In summary, the outlook for 2020 are as follows:

#### Revenue growth

In 2020, the Company forecasts that total revenue will grow approximately 8% YoY from the following key drivers:

- Rental and services revenue continue to grow at a solid pace from sustained same-store growth, as well as full-year contribution from new and renovated malls in 2019, despite having no new shopping malls open in 2020.
- Revenue from sales should grow strongly. At the end of 2019, the Company has 7 residential projects already launched and in the process of sales and transfer.

Moreover, the Company plans to launch approximately 4-5 residential projects in 2020, some of which can be recognized as revenue during the year, especially those located close to shopping malls continued to be backed by strong demand.

- Other revenues to grow in-line with the shopping mall business growth.

Additionally, the Company is currently in the process of evaluating the impact of the coronavirus (COVID-19) situation to the financial performance for the year. The initial assessment is that the situation will not materially impact the revenue growth target.

### **Cost of businesses and financing cost**

In 2020, the Company forecasts that the hike in the cost of businesses will be less than the revenue growth. The Company continues to exercise prudence in cost management and plans to achieve more cost savings in the utility cost, which is one of the key cost components in the rental and services business. Such cost saving initiatives include the implementation of solar rooftop panels, installation of more efficient utilities system and achieve efficiency gains in the operations.

Together with the planned revenue growth, the cost management initiatives should help the Company to continually improve its overall gross profit margin.

Moreover, the Company plans to enhance its financing cost performance through not only improving the average cost of debt to be in-line with the downward trending interest rate, but also reduce some of its interest-bearing debt upon the completion of the transaction with CPNREIT. Hence, financing cost (excluding the impact of Thai Financial Reporting Standard No. 16) should be lowered.

### **Selling and administrative (SG&A) expenses**

In 2020, the Company forecasts that its SG&A expenses should trend higher at a similar magnitude to the revenue growth, such as marketing expenditure that contribute to revenue increments at shopping malls and more effective management of business-related and organizational expenditures. Hence, the SG&A expense to total revenue ratio should remain at similar level to that of the previous year.

### **Five-Year Business Plan**

The Company has set a 5-year (2020-2024) growth strategy that aims to achieve a compounded annual growth rate (CAGR) in revenue of approximately 12% per year. The strategic direction to expand the business through mixed-use development, such as new shopping malls, enhancement of existing shopping malls, rental rate escalations, incremental gains from operations management, mixed-use project development, as well as M&A opportunities into high quality assets, are key drivers to realize the target.

As the economy begin to flourish across various areas around Bangkok and provinces, the Company have studied the prospects of new retail formats and innovative concepts and designs of shopping malls to elevate the standard of its shopping malls that offer dynamic experiences towards customers with different lifestyles, both local and foreign tourists.

Furthermore, the Company studied the opportunities to expand its business into the Southeast Asian countries, especially those with high growth potential, such as Malaysia and Vietnam to access new revenue stream and accommodate its sustainable growth aspiration.

## Domestic Expansion

The Company announced the plan to develop 3 new Mixed-used projects under the concept of 'Magnifying Local Essence' in pioneering new economic cities comprising Ayutthaya, Si Racha, and Chanthaburi compatible with the growth of infrastructure investment, domestic trade and tourism sector. The projects are as follows.

- 1) **Central Ayutthaya** mixed-use project comprises of Shopping Mall, Convention Hall, Hotel and Residence under the concept of 'The Prosperity of Ayutthaya' with targeted opening in 2021.
- 2) **Central Si Racha** mixed-use project comprises of Shopping Mall, Convention Hall, Hotel, Office, Residence and Education Center under the concept of 'Living Green in Smart City of EEC Center' with targeted in 2021.
- 3) **Central Chanthaburi** mixed-use project comprises of Shopping Mall and other mixed-use development under the concept of 'The Shining Gem of EEC Plus 2' with targeted opening in 2022.

Moreover, the Company seeks for long-term growth opportunities with plausible returns through new mixed-use development projects. On April 1, 2019, the Company and Dusit Thani Public Company Limited have jointly announced the inauguration of **Dusit Central Park**, the most prominent mixed-use development project at the heart of Bangkok central district located across a 23-rai land at the corner of Silom Road and Rama 4 Road and seamlessly connected with the mainstream mass transit systems, such as the BTS skytrain and the MRT subway. The project consists of the following elements:

- **Central Park shopping complex** with a total leasable area of 80,000 sqm., in which the Company has 85% stake in the project. The project represents a distinguished experience and selecting an iconic global brand matching urban lifestyle with green area more than 1,000 sqm.
- **Central Park Offices** with a commercially leasable area of 90,000 sqm., in which the Company has 100% stake in the project under the concept "sharing economy" to create a customize area for the best utilization.

- **Dusit Thani Bangkok Hotel** with 250 rooms, in which the Company has 40% stake in the project. The hotel remains a unique design with the golden headdress which has inspiration from Wat Arun Ratchawaram Woramahawihan, the roof top will be designed for the lookout point, digital gallery, restaurant and roof top bar.
- **Residential project** totaling 389 units under the brands "Dusit Residences", comprising 159 units, and "Dusit Parkside", comprising 230 units, in which the Company has 40% stake in the project. The project is proudly presented an outstanding location with perfect facilities.

The development of Dusit Central Park will commence after the decommission of the existing Dusit Thani Bangkok Hotel is complete. The construction of the project will be gradually completed by 2023, beginning with the all-new Dusit Thani Bangkok Hotel, followed by Central Park shopping complex and Central Park Offices. The residential projects will be opened for pre-sale in 2019 and will be completed and ready for transfer to customers from 2024 onwards.

Moreover, the Company announced re-development and renovation plan totaling 14 branches, 2 of which are re-development: 1) **Central Rama 2** to be The Largest Regional mall - Gateway of South Bangkok connecting all inner city border to transform those area to be the 'New Urbanized Districts' whilst allocate 37 rai to develop a huge green area, "Central Plearn Park" and 2) **Central Ramindra**, under the concept of 'Living Lab of Ramindra' to assist an incremental of population align with the growth of infrastructure i.e. Monorail-Pink Line. In addition, the Company also plans to renovate another 12 existing shopping malls nationwide including Central Rama 9, Central Eastville, Central Bangna, Central Chaengwattana, Central Khonkaen, Central Udon, Central Chiangmai, Central Chiangmai Airport, Central Pattaya, Central Marina, Central Samui and Central Hatyai.

**Projects under GLAND:** The Company continues to study and review the development plan of undeveloped land under GLAND, which are in high potential areas of Bangkok, and expects to finalize the plan within 2019. At the same time, the Company plans to enhance the performances of GLAND's existing assets to maximize the benefits and growth potential of GLAND going forward.



## International Expansion

The Company is currently preparing an investment plan in Vietnam, a market with exceptional growth potential in the region that will be an important driving force in the company's long-term growth. Moreover, the Company continues to study potential investment opportunities across Southeast Asia.

## Mixed-use Development near existing Retail Properties

The Company recognizes the potential to develop mixed-use projects in the shopping mall area by utilizing the existing vacant plots of land adjacent to the shopping malls, thus enhancing the value of investments in the form of residential development, office buildings and hotels, to name a few.

**Residential development** To-date, the Company has launched a total of 9 condominium projects in Bangkok and in the provinces. Among these projects, 7 projects have been already transferred and in the process of transfers whilst

the other 2 projects are in the process of construction. The Company also developed 1 project of single-detached housing in Bangkok. Moreover, the Company continues to study new areas for possible development with plans to announce 2 residential projects in 1Q20 as well as additional projects launches during 2020.

## The Lease of Assets to CPNREIT

On November 22, 2019, according to the resolutions of the Extraordinary General Meeting of Unitholders of CPN Retail Growth Leasehold REIT agreed CPNREIT to lease new assets from the Company comprising four shopping centers, namely 1) CentralMarina with a lease tenure of 15 years ending 2035 ; 2) Central Lampang with a lease tenure of 22 years ending 2041 ; 3) Central Suratthani with a lease tenure of 30 years and 4) Central Ubon with a lease tenure of 30 years. The four transactions, as well as the agreement to extend the lease of Central Rama 2 for an additional 30 years ending 2055 are expected to be carried out by 2020. The total value of all the transactions combined is no more than Baht 48,560 mn.

Table5: Progress of Future Projects

Project	Area	Complete by	2019				2020			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Retail Properties										
Domestic - BMA			Opening of Initial Phase							
Central Village	40,000	3/2019	<div><div></div></div>							
Domestic - Provinces										
CentralPlaza Ayutthaya	TBC	2021					<div><div></div></div> Announced investment plan			
CentralPlaza Si Racha	TBC	2021					<div><div></div></div> Announced investment plan			
CentralPlaza Chanthaburi	TBC	2022					<div><div></div></div> Announced investment plan			
International			Soft Opening							
Central i-City (Malaysia)	83,000	1/2019	<div><div></div></div>				<div><div></div></div> Grand Opening			
Residential - Condominium										
Domestic - BMA										
PHYLL PAHOL 34	358	4/2019	<div><div></div></div> Pre-sales approx 40%				<div><div></div></div> Transferred 22%			
Domestic - Provinces										
ESCENT NAKHON RATCHASIMA	380	4/2019	<div><div></div></div> Pre-sales 100%				<div><div></div></div> Transferred 79 %			
ESCENT VILLE CHIANGRAI	312	4/2019	<div><div></div></div> Pre-sales 100%				<div><div></div></div> Transferred 95 %			
ESCENT VILLE CHIANGMAI	450	3/2019	<div><div></div></div> Pre-sales 100%				<div><div></div></div> Transferred 100 %			
ESCENT UBONRATCHATHANI	395	2020	<div><div></div></div> Pre-sales approx 80%				<div><div></div></div> Ready for transfer			
ESCENT PARK VILLE CHIANGMAI	450	2020	<div><div></div></div> Project Launch				<div><div></div></div> Pre-sales approx 50% Ready for transfer			
Residential - Single House										
Domestic - BMA										
NIYHAM BOROMRATCHACHONNANI	71	4/2018	<div><div></div></div>				<div><div></div></div> Sold and transferred 5 units			
Joint Mixed-use Development										
Domestic - BMA										
Dusit Central Park *		2023-24	Announce	Decommission existing project				Construction, furnishing and leasing		

\* Joint venture project with Dusit Thani Public Company Limited on a 23-rai land at the corner of Silom Road - Rama 4 Road and comprises:

- 1) Central Park : a retail property with a total of 80,000 sqm. leasable area in which the Company has 85% stake in the project
- 2) Central Park Offices : an office building with a total of 90,000 sqm. leasable area in which the Company has 100% stake in the project.
- 3) Dusit Thani Hotel Bangkok : a 250-room hotel in which the Company has 40% stake in the project.
- 4) Residential project under the names "Dusit Residences" and "Dusit Parkside" : a combined total of 389 units in which the Company has 40% stake in the project.



## Chapter 19

# SUSTAINABILITY PERFORMANCE

In 2019, Central Pattana reviewed and added a sustainable development indicator in line with the United Nations' Sustainable Development Goals (UN SDGs) and prepared a review process of the five-year strategic plan (2020-2024) by setting a sustainable business direction as the Center of Community and Center of Life as well as defining the indicators. In the annual performance review of the strategic plan, the Corporate Governance and Sustainable Development

Committee and the Risk Management Committee regularly followed up sustainability performance. Furthermore, such indicators were cascaded down to evaluate the performance of executives and staff at the group, division, departmental, and individual levels. The top executives took the roles of SD Champions to advocate the driving of sustainable development plans and activities for goal achievement.

## 1. Diversification of investment risks and creation of a new business ecosystem

Central Pattana prioritizes the retention of strong and sustainable business growth through a five-year business plan (2020-2024) with a compounded average growth rate (CAGR) in revenue of about 12% per annum. To achieve such target, it establishes a business growth direction by diversifying the business base of property development and management through a variety of approaches as seen below:

### 1.1 Geographic business expansion and types of properties

Central Pattana has historically developed and managed its properties through new shopping malls in high-potential areas, starting with Bangkok and periphery and expanding to provincial cities that have strong and stable economic growth and are regional centers. It deployed this strategy to diversify concentration risks and create opportunities together with participation in the regional business drive. As of present, Central Pattana has 15 shopping malls in Bangkok and periphery, 18 shopping malls in the provinces, and one in Malaysia.

Before launching project development, the Company prudently selects the best location within an area that is conveniently accessible by customers, tourists, and tenants. Through the concept of "Center of Life", the Company's shopping malls are uniquely designed to suit the locality of each area by offering a complete range of products and services, as well as creating new areas for lifestyles and activities in response to changes in consumers' behavior. Moreover, each shopping mall is designed with a unique

identity harmonious with the local communities and promoted their pride, including attracting visitors, stimulating the economy, distributing income, and fostering benefit and value-added for all stakeholders, thus leading to national economic development.

With a vision to be the regional leader in property development and enjoy sustainable long-term growth, the Company expands the business to Southeast Asian countries, particularly those with strong and stable economic growth, such as Malaysia and Vietnam. Its business execution aims to diversify the business base and reduce dependency on a single domestic market. It expands investment into an integrated property development under the strategic direction of mixed-use development. These investments include shopping complexes, residences, office buildings, and hotels to maximize the value of the core shopping-mall business and use land for maximum benefit. Each business in the area can also complement one another. Since 2016, Central Pattana, through its subsidiary Residence Company Limited, has developed condominium projects located in the same areas as its shopping malls. To date, Central Pattana has launched nine condominium projects. Among these, seven have completed construction and decoration. For three of them, the Company has already transferred ownership to all customers, and four of them are in the transfer process. Most projects are located near shopping malls and well-responded by the customers. Moreover, the Company is preparing to launch 4-5 residential projects per year and studied opportunities for developing other types of properties as planned.

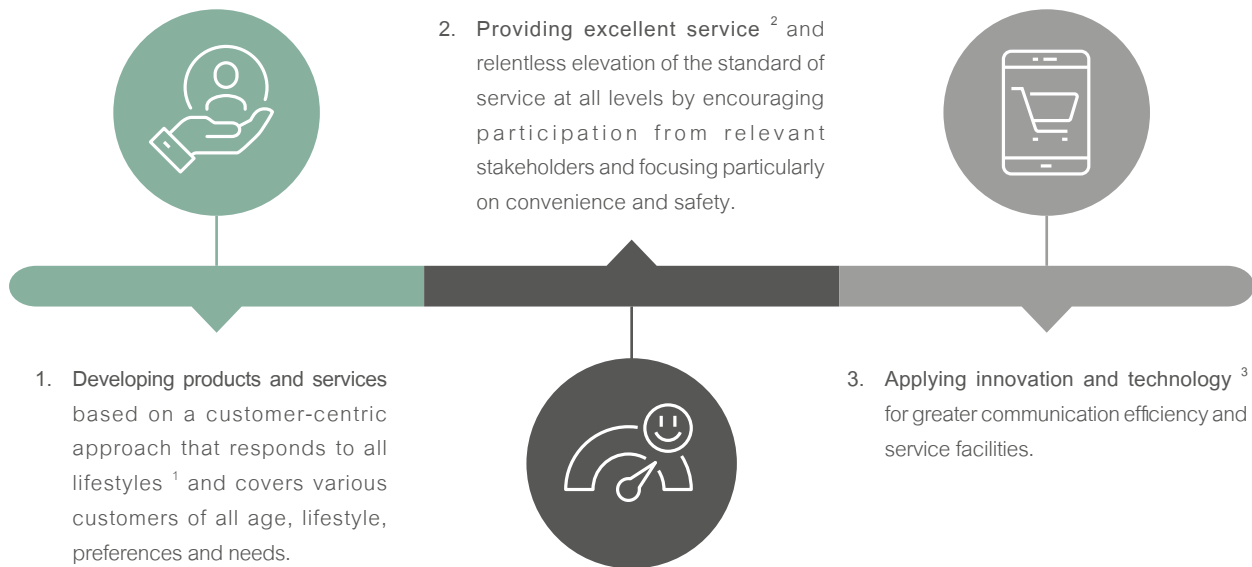
## 1.2 Joint investment with business partners

Central Pattana's property development and management go beyond proprietary investments. It is open to jointly investing with potential business partners that bring invaluable property development business experiences and know-how to share with and support one another.

- The Company entered a joint investment partnership with Dusit Thani Public Company Limited ("DTC") to invest in a mixed-use development project comprising a hotel, a residence, a shopping mall and an office building on the land at the corner of Silom Road and Rama 4 Road. The Company has an 85% investment stake in the shopping mall business and a 100% stake in the office building business, both within its domain of expertise, whereas it has a 40% stake in the hotel and residential businesses, both of which are of DTC's expertise.
- The Company, in cooperation with IKEA, launched "IKEA Bangyai," a new IKEA style that allows customers to shop and pay on any floor. It is the first branch that has all entrances connected with Central Westgate. This cooperation added the element of Super Regional Mall to Central Westgate.
- The Company and Right Man Limited entered into a 50:50 joint investment under the Phenomenon Creation Limited to launch Tribhum: adventurous theme park innovation as the new World-Class Attractions in Phuket and a world tourist attraction. It will increase the tourism and economic potential of Phuket to compete with natural attractions in other countries.
- The Company formed a joint venture with Common Ground Group, a reputable co-working space business from Malaysia to set up Common Ground Thailand. Central Pattana holds a 51% stake in the joint venture; Common Ground Group, 49%. This partnership aims to expand the co-working space business in Thailand, connecting shopping malls with office buildings to be the workplaces of new entrepreneurs, support SMEs and startups, and strengthen national economic growth.
- Central Pattana formed a joint venture with Central Retail Corporation Public Company Limited to invest in Grab Thailand, with a 33% investment stake to expand customer services via a digital channel. Grab is a leading service provider of transportation, food delivery, and logistics on a mobile application. As the key partner of the Company and Central Group, it will enhance the Group's potential to become an omnichannel. The partners will jointly create a new ecosystem to serve customers' way of life in an era when offline and online channels become more integrated.
- The Company collaborated with a subsidiary of the Hong Kong Land Group in studying guidelines for mixed-use development projects in Thailand. Hong Kong Land Group has excellent expertise and experience in commercial property development projects in Hong Kong and overseas, including Thailand.
- Finally, Central Pattana entered a joint investment partnership of the Central Village project with the world's leading outlet developer like Mitsubishi Estate Asia (MEA), which successfully runs nine outlet projects in Japan, such as Gotemba, Rinku, and Shisui. MEA holds a 30% investment stake (while the Company holds 70%). This collaboration will raise the efficiency of customer service and strengthen the project by offering world-class brands in the outlet. It will also upgrade the Central Village project as the real leader of luxury outlets in Southeast Asia.

## 2. Developing and Transforming Shopping Centers into a Center of Life

### Management Approaches and Performance



<sup>1</sup> For more information: <https://www.cpn.co.th/en/sustainability/sustainability-strategy/center-of-life/customer-centricity>

<sup>2</sup> For more information: <https://www.cpn.co.th/en/sustainability/sustainability-strategy/center-of-life/service-excellence>

<sup>3</sup> For more information: <https://www.cpn.co.th/en/sustainability/sustainability-strategy/center-of-life/innovation>

### 2.1 Developing shopping centers based on customer-centric approach that responds to all lifestyle

In 2019 a quantitative research was conducted to collect data on behaviors and lifestyles of target groups of customers before Central Pattana started developing one new project. Questionnaires were designed to gather their opinions and attitudes on a new shopping mall that might in future be built in the vicinity; what kind of mall they would look for in terms of patterns, services, shops and stores, and brands of products in particular. As for the research on existing customers' satisfaction over the services provided at Central Pattana's 33 projects nationwide, an online survey was conducted by outsourced professionals together with our in-house market research team. The online survey has enabled us to conduct more surveys on a quarterly basis; add in more group samplings; and obtain up-to-date data.

Results from data analysis from both surveys were then passed on to relevant teams for developing and improving shopping malls and mix used of surround buildings in response to consumer behaviors of our target groups. Analysis and anticipation of customers' future needs were also based on demographic data and similarity with existing data on the Company's system. All results were then used in development and improvement of projects set forth in our annual business plan, including the setting of proportions for store types, the increase or reduction in common area space for organizing events or allocating spaces for tenants and shops on an open-plan concept, the expansion of the "Destination Concept" to achieve the Company's plan for creating innovative products. Under the annual business plan, the Company executed the following tasks in 2019:

## 1. Family Destination

This concept is based on contemporary design that combines atmosphere and services to accommodate new-generation families in strengthening relationship among themselves. It is a place where people of all age groups can enjoy their time under preferred lifestyles. Recreation zones and special corners for children to elderlies are provided with care and attention to convenience, safety, and occupational health. Service and facilities at each family destination include:



### Indoor playground:

Custom-designed based on the specific identity of location in each shopping center. There are 34 playgrounds across 25 projects.



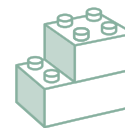
### Restrooms for kids only:

Separated from adult restrooms to facilitate and start young kids on using public toilet hygienically. There are 72 restrooms across 24 projects.



### Dining areas for families:

Available in the Food Parks which are managed by the Company, 25 out of 30.



### Destination zone:

To enhance learning skills for children in Central Pinklao, Central Bangna – a continuation project from 2018, and a newly introduced zone at Central Chiangmai Airport.

## 2. Food Destination

An area where a great variety of food stores are set up for consumers with different lifestyles to enjoy sit-down meals or buy takeaways, or both, such as Food Ville, Food Patio, foodwOrld, Food Village, and Tales of Thailand. To accommodate the daily change in consumers' lifestyles, varied tenants have been gathered to open up diners or restaurants, open-plan restaurants, cafe, food shops or restaurants for evening hangouts, take-away food corners, and food stalls. The wOrld of fOod in centralwOrld is a complete and perfect style of food destination comprising more than 400 food shops and restaurants.

## 3. Fashion Destination

This showcases fashion for all lifestyles by tenants, whom are online entrepreneurs that want to showcase their business offline by open shops in shopping malls and those who started their business by opening shops in our shopping malls and expand their business model online. Semi-permanent or pop-up-stores are introduced for tenants to try marketing their products on locations of their choice before deciding to launch a permanent shop. Events are constantly held to attract more customers with inspirational activities and display of new trends. A Fashion-plus zone is set up to enhance small retailers in conducting the retail business in shopping malls and encourage them to always display trendy fashion that meets customers' desire. There are now 888 pop-up-stores in Fashion Plus zone across 25 shopping malls.

#### 4. Lifestyle destination

A destination that enables people with common interests and similar lifestyles to spend time, share ideas and experiences, expand their creative minds, pursue inspiration, and enlighten their day-to-day lives, for instance people who have passion in art, handicrafts and DIY crafts. An open space is allocated for

workshops and small shops that focus on teaching craftwork to motivate interested consumers to join leisurely activities together. A Co-working Destination has also been set up for new-generation entrepreneurs and groups of freelancers needing temporary office space for working or meeting with customers.

##### Social House

Social House is a new business trend proudly presented by the Company. It is a combination of food destination and consumers' behavior that turns out as a Lifestyle Food Destination which perfectly answers customers' needs. Central Chonburi is the first shopping complex to have Social House at service on the third floor (formerly the FoodPark) on more than 1,200 sqm., targeting students and people of early working age who require a place to work, socialize, and eat at the same time. There are also small, medium, and large conference rooms in service

with facilities like power plugs and battery chargers readily available for convenience, lighting sufficiently supplied for working at any spot; interior decoration with a touch of nature that helps one feel relaxed while working there, and photo-taking spots for customers who favor posting photos in social media. Social House is divided into four zones: Eat-Play-Learn-Work, the allocation of which focuses on providing atmosphere that accommodates working and activities to run side by side without disturbing one another.





**EAT** - A zone for fast food or take-away. Tables for sit-down consumers would be placed up front for quick entry and exit. Tables and chairs are designed to clearly distinguish their purposes.



**PLAY** - A zone for relaxing, chit-chatting, and discussing matters informally. Space is designed in form of a staircase which could be altered into a stage for small events or activities.



**LEARN** - A zone for reading or working on group assignments. Provided for convenience are desk-and-chair for one person, long bench-and-chairs for groups – ideas of which derived from alteration of tables-and-chairs in canteens or fast-food areas. Also provided are lighting and wireless battery chargers.



**WORK** - A zone that accommodates working and formal meeting areas or a co-working space. A conference table is designed for dual purposes: a meeting table and a dining table. A sofa set is also provided for informal sit-down work discussion.

This new “Social House” destination has proved successful since the number of target customers increased 22% from data recorded prior to development and renovation of this area.

## 5. Sport destination

A place for health-conscious and exercise lovers including customers from the sport line of fashion, and lifestyles group of customers with passion for exercise equipment, sporty and stylish fashion or full-function sportswear (sport chic), and to create a link among people who are keen on similar sports (sporty connectors). Also, a place for holding marketing events and inspirational activities for people who are keen on exercising and sports. For instance, the introduction of Sport Lifestyle Destination at Central Korat, where fitness fans and sport lovers can enjoy wondrous shopping at SuperSports Corner, which covers 3,000 sqm. There, customers are welcome to have hands-on try on every sport or gym equipment before buying. For instance, hands-on tryout of golf tools and equipment at the Golf Simulator zone; and demonstration of full-function electric treadmills at Johnson Active zone. A racket service zone has varieties of rackets to amaze fans of racket sports, while sport devotees can enjoy special activities at Energy Arena where extraordinary fun is provided. A public park has been set up in the front part of Central Korat, landscaped with a jogging track for health-conscious and active people of all genders and age to share, especially during morning and evening hours. The Company also participated with the SWATCAT football club (NakhonRatchasima Mazda FC - a professional football association in Thailand) in organizing various football competitions for junior players – at national and provincial levels, aiming at forming a team of athletes to create awareness among the community of the benefit of exercise; and emphasizing the concept of Sport Destination at Central Korat.

## 6. Tourist destination

The concept of allocating an area for major tenants with the potential of drawing groups of tourists to experience our new services on top of shopping. Pororo AquaPark is the startup project which focused on Thai families in particular. This has led to similar development in major towns with an emphasis on attracting tourists, for instance the Tourist Destination at Central Phuket Festival where, in collaboration with business partners, new destinations have been developed and become a must-visit sight for worldwide tourists because of its uniqueness:



- **Tribhum – The Mystical Three Worlds:** Located at the area in front of Central Phuket Floresta, this is a new 3D interactive technology of walkthrough adventure into a mysterious land where visitors would discover and enjoy the challenges and adventures in each of these three zones, namely Silver Mountain World, Magic Forest, and the Underwater World, and witness the battle for the elixir potion of immortality between Garuda (the king of birds) and Phaya Naga (a semi-divine serpent-like creature).
- **Aquaria Phuket:** This is the largest saltwater and freshwater aquarium in Thailand run by Aquawalk (Thailand) based on the “An Ocean of Myth and Legend” concept derived from an inspirational myth and culture of Thais. There are five zones to inspire visitors: Mystic Forest zone demonstrates statues of sea animals from Thai folklore; River Giants zone demonstrates a number of the world’s largest freshwater fishes; River Caves zone is where adorable and playful otters are kept; Coastal Haven zone gives visitors intimate experience with Humboldt penguins from South America; and Station Aquarius is the zone where visitors can enjoy interactive and knowledgeable experience with 51,000 aquatic animals among more than 300 species. To amaze the visitors even more, “Andasi” – a restaurant within Aquaria Phuket, awaits to impress all visitors with a special, memorable sit-down meal among school of fishes – big and small. Another attraction is the 4D Trick Eye Museum, where visitors, especially families, could have a touch of new and exciting experience in taking pictures which differs from the former 3D picture-taking experience.

The Company aims to have this tourist destination concept further developed and introduced in future projects, for instance a plan to set up a gallery at Central Ayutthaya to convey historical stories of Ayutthaya and make it a place for tourists – both locals and overseas – to pin on social network as a place they will visit. Another innovative development that responded to the trend of Bangkok as top on the list of tourist towns is Central Village - the first international luxury outlet in

Thailand. This new retail platform facilitates visiting tourists from all over the world with a destination to shop for world’s leading brands of merchandise at savings of 35-70% every day. Visitors will be pampered with variety of services such as restaurants, hotel accommodation, a supermarket, and a tourist information center.

## 7. Center of Community

The development of areas to organize activities for the community in economic, social, and lifestyle aspects include:

- Support of the local economy by providing more sales channels for local entrepreneurs to distribute their products, for instance, the Market Market, Souvenir market, Jingjai Farmers’ market -organic market. The aim is to provide farmers with opportunities to sell their community products. For more information, please turn to page 142
- Facilitate locals in their transactions with the public sector by collaborating with the Public Sector Development Commission in opening up Government Service Point <sup>4</sup> (G-Point) in the Company’s shopping centers. In 2019 six new G-Points were launched at Central Chiangmai Airport, Central Udon, Central Khonkaen, Central Phitsanulok, Central Chiangmai, and Central Pattaya. Hence, there are now 14 Government Service Points across the Company’s shopping malls in Bangkok and other provinces.
- Allocate and develop areas for public interaction among people with similar interests to share and exchange ideas and experiences, like the bike zone and pet zone at Central Eastville. As public parks, for instance the Central Park around Central Rama 2, the public park in front of Central Korat, and the Pathumwananuruck Park near centralwOrld. For holding marketing activities for music lovers and fans, for instance the Melody of Life Concert that has been organized consecutively for the past 12 years. For organizing inspirational workshops for fans of DIY work, like the Krafts weekend workshop held monthly on the fifth floor of centralwOrld.

<sup>4</sup> Government services such as issuing of ID cards, occupation practice registration, tax payment in various forms – property, signboard and land taxes – business registration, including disabled persons and the elderly registration.

## 2.2 Service Excellence

In 2019 the Company conducted online surveys quarterly to keep track of customers' satisfaction with services provided at every project that is launched and operational year-round. Thirty-two projects in total were surveyed focusing on the importance of factors that affected customers' satisfaction and the level of satisfaction customers have over these factors: 1) shopping mall accessibility, 2) brand confidence, 3) beautiful, neat, and clean atmosphere, 4) staff service and equipment, 5) convenience and safety for all groups of customers and tenants, and 6) marketing activities that are varied and amazing, responsive and appealing. Feedback and comments would immediately be reported to relevant divisions each quarter to enable prompt service improvement to ensure continuity of service excellence, which are divided into four plans:

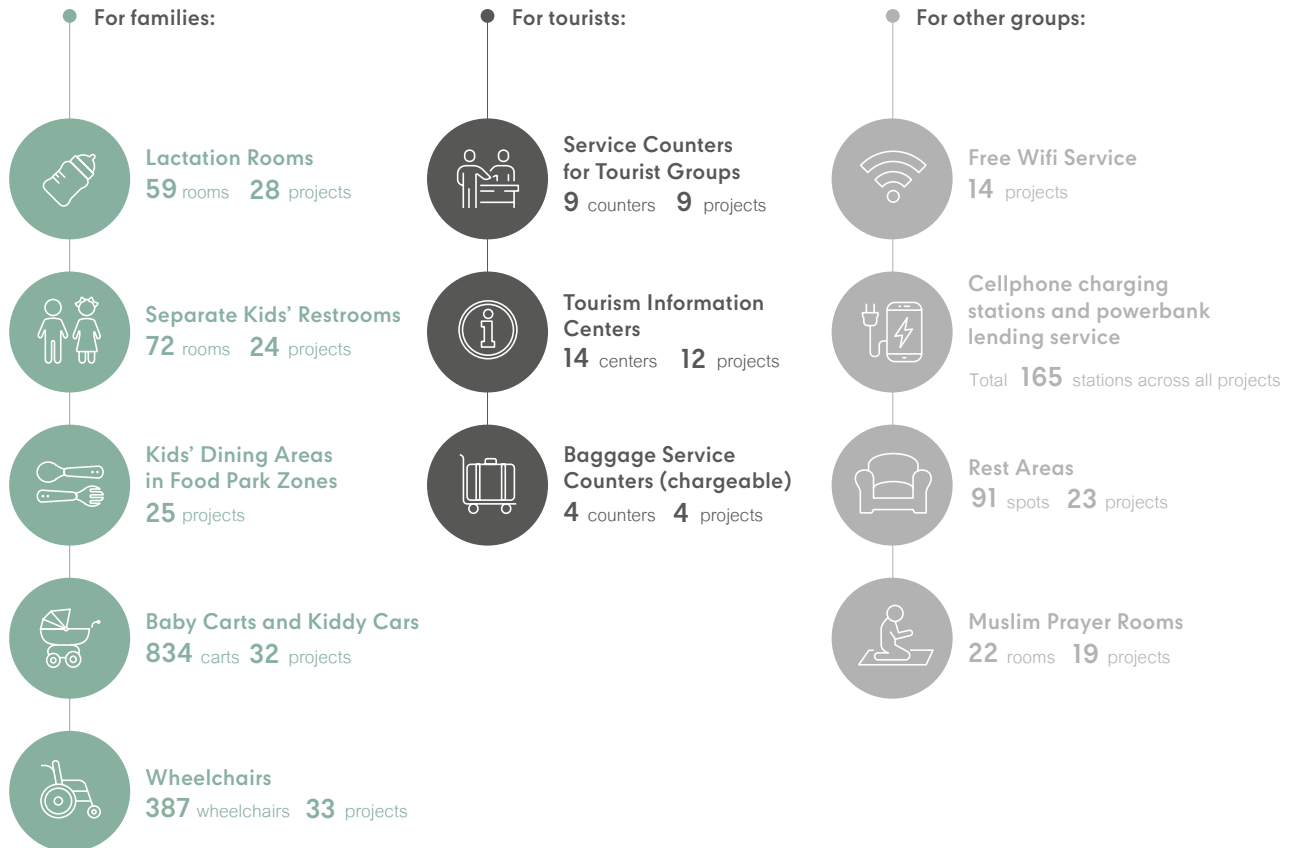
### 1. Traffic flow and parking facilitation comprise the following issues:

- Traffic control management: This is based on the "Traffic Workforce Management" concept to ensure that traffic workforce and traffic personnel are suitably assigned to respective locations under an appropriate time schedule. Traffic personnel are assigned to stations at specific areas with back-up traffic personnel assigned to respective spots, and a traffic supervisor to station in the control room to manage traffic situations from within the building. Each traffic management plan comprises four patterns: normal traffic flow; slow traffic flow; heavy traffic or congestion; and traffic jam due to accidents. Driving up-and-down lanes on ramps in the parking lots have been adjusted to ease traffic gridlock both inside and outside buildings. Traffic personnel (including temporary recruits) and traffic volunteers were given traffic control training by traffic police officers to ensure proper skills in traffic control management. A technology – the Real-time Traffic Display – was adopted to display real-time traffic situations outside the buildings to facilitate customers in planning when best to leave the complexes. Additional facilities such as transport hubs, free shuttle bus ride, taxi stands, and public skytrain connection at/with appropriate shopping centers have been provided by the Company to facilitate customers looking to visit our shopping centers. (See additional details: <https://www.cpn.co.th/en/sustainability/sustainability-reporting-library>)

- Parking space management: Further development on each parking space area was executed to accommodate customers' needs and different lifestyles. For instance, installation of an intelligent parking system; parking spaces for cars with more than four passengers called carpool parking, spaces for family cars with strollers, spaces for bicycles, EV charger parking, and valet parking. In 2019 the Company allocated additional services for parking as follows:
  - Smart Q service – a zone for customers to queue up and wait for parking spaces to facilitate customers in not having to drive around finding them.
  - Quick Parking – a zone for less than two hours' parking to facilitate customers on quick errands with parking tickets especially for this zone.
  - Lady parking plus – a zone dedicated for lady drivers, supplemented with Smart Q service and all-female staff.
  - Multipoint valet parking – more than one spots for valet parking are provided.
  - Reserved Parking – this service was launched at centralwOrld. Booking is to be made online via @CentralLife application.

Such 2019 performance increased customers' satisfaction on the convenience and accessibility to the Company's project to 86% from previously 85%, while complaints on traffic problems in 2019 were reduced to 21% compared to 33% in 2018.

## 2. Service amenities to facilitate customers while enjoying their time in our shopping malls are:



## 3. Safety and Security

The Company has strictly followed through on the international management standard of Occupational Health and Safety<sup>5</sup> (ISO 45001), taking safety in life and properties of customers and tenants into account. Plans have been set up for day-to-day commitment to safety and security in committed areas; drills on how to face and safely handle critical situations; and competitive training to enhance efficient coping with situations. Public security management guidelines fall into security management and participation; support; and operation.

### • Security management and participation

The Company assigned the Occupational Health and Work Environment Committee at corporate and branch levels to mobilize and upgrade safety and hygiene standards in the Company to be aligned and in the same direction throughout the organization. Performance reports must be directed to the Risk Management Committee and the People Development Committee on related issues. The Operation Audit Team consisting of internal experts would reaffirm that all is in line with the standard set by the Company, especially on safety matters. A sub-team called "Eagle eye" would conduct further periodic inspection assigned by the Company

<sup>5</sup> Details on Policies & Guidelines for Occupational Health and Safety Policy on <https://www.cpn.co.th/en/sustainability/corporate-governance/policies-implementing-guidelines>

and report results at the General Managers Meeting for the executives to identify suitable corrective measures and remedies.

- **Support**

This covers the policy and guidelines for security management within the Company and related business partners. A Loss Prevention (LP) Section was set up, consisting of internal staff and personnel to oversee, support, inspect, and prevent occurrence of mishaps or crises on the premises. Teams of firefighters were also formed and duly trained with specialized skills in responding to crises or emergencies. Rules set for outsourced security guards from business partners require that each business partner must be a company permitted under the Security Guard Business Act, B.E. 2558 (2015), to provide security service. They must uphold the hiring of legal indigenous workforce. Security guards from them must have received proper training in carrying out their duties required by the law, both inside the premises and outside; special training and practice on Explosive Ordnance Disposal (EOD) program; training on observational skills and ability to identify offenders; training on how to use the Crime Clock; training on how to assist police officer in securing safety in public places; training on intelligence and security matters with the Internal Security Operations Command, and so on. The Company constantly provides training and contests to enhance firefighting skills every year and participates in the private sector's firefighting contests organized by the Thai Shopping Center Association network and firefighter neighborhood networks. Team members and relevant employees are also required to undergo "Call Tree" drills for reporting emergency crises using phone name lists, and drills for contacting the network by radio communication via a special frequency assigned for the job.

Technology and safety equipment are applied to enhance safety measures. CCTV cameras are installed in every project, altogether 7,542 cameras by the end of 2019. In parking lots, Call Point units are installed for customers to press when requiring quick security service. There are 2,302 units of Call Point buttons installed in the parking areas of every project. Safety equipment and information are used for analyzing and planning of security

management, for instance, data analyzed from the Crime Clock enhance efficiency in assigning a sufficient number of security guards to committed areas at an appropriate time. Statistics on reported or near-miss accidents and incidents posing crime are analyzed to find out reasons for repetitive occurrence at the same locations so that preventive measures could be planned to reduce the risk of recurrence.



- **Operation**

In 2019 the updated version of the security manual was rolled out to keep management of security up-to-date. Issues on security and safety were added to the factors for selection of suppliers, inspection of contractors during ongoing construction and on handover of work and was also added as an operational risk that requires follow-up and improvement to concretely minimize it.

The ISO 45001 standard was applied to the operation of safety management for the Company's application for accreditation in 2020. Crisis response drills and measures for coping with emergencies are put to practice based on annual changes. Co-practices of fire evacuation with tenants and stores are held every year, as are drills on responses to terrorist attacks, phone threats, discoveries of suspicious material or items, encounters with persons suspicious as suicidal, and so on. Training was given to relevant personnel on how to handle the situation after occurrence and provide on-time and appropriate remedy for victims on site; how to follow up and assess situational security using the 5-level Color-Coded Condition<sup>6</sup> security system. When a crisis occurs, the Crisis Management Operation Center (CMOC) of the Company and Central Group would monitor, control, and assess the crisis together with government officials, external security experts, and security experts from within Central Group. In 2019 security assessment was mostly at the blue level (risk-guarded) except for the projects in areas where risks would randomly change with situational assessment. For instance, during the period when the ASEAN Summit was held in Bangkok, the security

<sup>6</sup> Level Color-Coded Condition System: green=safe or low risk, blue=risk-guarded, yellow=elevated risk, orange=high-risk, red=severe risk.

This system enables fast communication and adjustment of safety measures for shopping centers and tenant shops in line with the situation.

assessment code level changed to yellow for projects located in Bangkok and periphery. Activities to promote and manage public security were additionally organized. For instance, allocation of parking spaces for lady drivers only (Lady Parking), where female security guards are assigned to facilitate and ensure lady customers of safety measures; and automated external defibrillator (AED) devices are installed at all projects run by the Company, where relevant personnel and staff are trained to apply and perform first-aid treatment.

To cope with situations after an incident, the Company has taken out Industrial All-Risk Insurance, Business Interruption Insurance, Public Liability Insurance and other applicable types of insurance. Training is provided to staff and personnel on the processes and procedures when certain events occur so that injured parties and damaged properties may get maximum benefit along with care and attention to reduce their distress. A special team would be assigned to work with appropriate specialists in conducting an investigation, cause-finding, and preventive measures including remedial actions, which would be reviewed and, if suitable, applied throughout the whole organization.

Reference is drawn to the fire incident at centralwOrld on April 10, 2019. As a rule, Central Pattana commands measures for construction material choices that are of high standards and low fire-risks, in addition to an efficient engineering analysis for space design to prevent fires, as well as periodic inspection of building systems and materials against required standards. Somehow, the unfortunate fires did break out. To prevent future incidents, Central Pattana has added measures for more strict inspection of building systems at other shopping centers. To elaborate, if it is found that risky substandard materials are used, they must be replaced at once. Also added are measures for fire prevention, firefighting, and an approach for looking after and strictly inspecting potential sources of fires for new project construction or shopping center renovation. Besides measures to inspect equipment efficiency and safety procedures, the Company requires additional consideration for choices of materials and fire prevention that are heat-resistant and fire-resistant of higher efficiency.

#### 4. Service Standard

The Company is dedicated to providing service of international standards and applying its principle as a basis for enhancing service efficiency, improving and monitoring on-site performance processes for the best service quality, and to developing human resources as skillful professionals who focus on customers' needs and satisfaction under the "Service with the heart" concept. This comprises two major areas:

- Human resource development to increase efficiency at every point of service:
  - General Managers are trained to skillfully handle management and take care of all stakeholders in compliance with the guidelines of the Central Pattana Standard Mall Handbook, based on the Malcolm Baldrige National Quality Award (MBNQA) and the Thailand Quality Award (TQA).
  - Customer Service staff and Tenant Service staff are required to pass service excellence training. In 2019 the training focused on the "Service with the heart" concept, which covers the standard of service under the Company's quality management system set by ISO 9001 and the skills in handling complaints. This ensures that good customers' relations are efficiently maintained; customers' complaints are skillfully handled according to standard; trainees are aware of techniques and apply them to achieve higher customers' satisfaction. It was found that 20% of the participating staff had their knowledge increased, while 98% were satisfied with the courses provided. Online training was also offered to related staff on "Confidence Building" and "Personality Development course" to strengthen their professionalism.

- Outsourcers consists of housekeepers and security staff. A “Service Trainer” training program is provided to outsourcers at the supervisor level through E-Learning to guarantee that they fully comprehend expectations and standardized practices of the Company. Trained outsourcers are expected to train their fellow workers at each committed area with the knowledge they obtained from the above training in addition to their knowledge of Company’s standard of service. A staff grading checklist is another mechanism applied for the evaluation of service performance of business partners’ staff to ensure that their staff could maintain and meet the standard requirements of the Company.
- Development of the “Organizational Quality Management under the requirements of ISO 9001”. This is an organizational standard system developed by adhering to the entire process in accordance with the ISO 9001 with reasonable additions that are consistent with and more flexible for the Company’s business. The quality of the work process is also monitored and inspected by branch quality units. Yearly random checks conducted by Quality Management and Internal Audit. Reports on issues requiring improvement are included in the agenda for branch management and the general managers meetings.

In addition, the ISO 20121 Event Sustainability Management System was applied to the Company’s management of multi-purpose meeting areas. Central Pattana has applied for similar accreditation involving two more convention centers: one for Westgate Hall at Central Westgate and the other for the Korat Hall at Central Korat. Of the 10 convention halls, seven halls. Locations have already obtained ISO 20121 accreditation. The Company has also applied for the Thailand MICE Venue Standards (TMVS) certification from the Thailand Convention and Exhibition Bureau (TCEB) for its meeting rooms and exhibition centers. The consideration of TMVS certification is based on the physical, technology, service, and sustainability components. Altogether nine applications for TMVS certification have been filed.

## 2.3 Integration of digital and technology

The Company focuses on development of innovation and technology to essentially accommodate and facilitate major stakeholders, especially customers, tenants, employees and business partners, including the management of information technology infrastructure for the business benefit of the parties concerned. Operation plans are as follows:

- Offer and impress customers with digital experience
  - Direct communication with customers through the LINE official account under the name “@central Life,” through which customers can experience amazing services and convenience, such as news on promotional campaigns and various activities in action at our shopping malls; digital maps for customers to check the locations of shops in each of our 33 shopping malls, online parking reservation for centralwOrld; notification of various privileges offered by tenants in the complexes; and introduction of online coupons for individuals to redeem privileges. There are 15 campaigns offering privileges through joint promotion with The1 Card business partner. This has engaged more than 20,000 friends, and point redemption in exchange for discount coupons has reached 90%.
  - Service providing online reserved parking spaces at centralwOrld via the LINE official account @central Life started at the end of 2019. The number of customers of this service has increased 220%, with the retention rate of customers at 63%.



- A Digital Directory to facilitate customers, especially tourists, with additional applications to accommodate all lifestyles. For instance, a diagram guiding them to all shops and stores; real-time traffic information;

tourist information; charts showing the locations of restaurants in the Food Park; and a QR code for customers to scan diagrams/charts on their mobile phones. Digital directories are ready for service in centralwOrld, Central Lardprao, Central Rama 3, Central Chiangrai, Central Chonburi, Central Phuket Festival, and Central Village.

- Online payment via e-wallet application to support a cashless society in line with the government policy on digital economy. There are six forms of online payment acceptable in the Food Court managed by the Company at 13 shopping centers: PromptPay (any bank); Rabbit Card; LINE Pay; TrueMoney Wallet; and for tourists from China - payment via WeChat Pay and AliPay.
- Applications on mobile phones and tablets is in service to increase convenience for tenants in making digital transactions under the “CPN Serve” application based on the concept of “self-service, anywhere, anytime”. There are, on this application, information on a given tenant’s lease, utility repair service, application for reporting incidents, information on insurance, request for specific help, financial transactions (checking invoices, outstanding debt, payment history, payments can also be made directly on this application), including general information on respective shopping malls, newsletters from tenant relations officers, newsletter on promotion, events to be organized daily and monthly. (An exception applies for tenants of Central Village, which use other forms.) Today more than 50% of the target tenants are using this program.
- For customers of the residential projects, they can experience digital transaction on the “CPN Residence Family” application. Potential customers may obtain online information regarding the projects and book time for room tours on this application. Customers who have paid deposits can transact their monthly payment and check payment history. For customers whose residences have been transferred to them, they can request repair services through this application as well.

- Infrastructure and customer analytics

Analysis of Big Data for maximum benefit has been studied to enhance marketing plans. Diverse technologies were applied in order to increase accuracy and efficiency in the counting of customers in each area and at each entrance. For instance, by counting the number of people passing by; from the signals transmitted from mobile phones; and from the application of facial recognition technology. The results obtained were analyzed and used in studying how to adjust and improve entry-exit layouts that would best facilitate customers, and how to organize merchandising mix that would best benefit tenants in precision and timelines.


In addition, Central Pattana implemented information systems and a data infrastructural management plan to handle and lower cyber threats by using the approach adopted by the Risk Policy Committee, which had assigned related functions to form a taskforce on lowering cyber threat risks, which embraced PDPA risks under the Personal Data Protection Act, reporting direct to the Risk Policy Committee. The Company also study to adopt the application of ISO 27001 (Information Security Management Systems, ISMS) within the corporation by 2020, readying itself to handle emergencies such as implementation of the Disaster Recovery Plan (DRP) suitable for current circumstances and technology for annual Business Continuity Plan (BCP) drills. The taskforce was also assigned to recommend proper tools for monitoring and assessing the success of Central Pattana’s cyber threat preventive measures.





- Application of technology to drive business value  
In 2019, a 'one-stop' communication channel was developed to offer potential tenants online facility. They can, if they are interested in opening up shops or stores in our shopping malls, just log on to [www.cpn.co.th/th/contact-us/cpn-contact-information](http://www.cpn.co.th/th/contact-us/cpn-contact-information) and fill out basic information on their products and service online. Relevant divisions at the Company would have the information

reviewed: 1) unit or premises of interest; 2) products or services in demand among target customers in the project; 3) quality of the brand /potential of the applicant. After completing the review and setting premises (with alternative premises as an option) a sales team would contact them and close the deal in such a manner that benefits all parties.

### Sustainability Performance: Developing and transforming shopping centers into a Center of Life

Topic	Performance in 2019	Plan for 2020
 <p>Sustainability Indicators</p>	<ul style="list-style-type: none"> <li>• Specified the "Shopper Satisfaction index " as a corporate KPI, targeted at 85 out of 100.</li> <li>• In 2019, the score was 80 (2% lower than 2018 due to the increase in survey frequency, which rendered more up-to-date data).</li> </ul>	<ul style="list-style-type: none"> <li>• Specify the "Shopper Satisfaction index" as a corporate KPI with a higher score of 2% than 2019 and a long-term target at 85 in 2022.</li> </ul>
 <p>Developing shopping centers based on a customer-centric concept responding to all lifestyles</p>	<ul style="list-style-type: none"> <li>• Successfully established and launched two shopping centers as planned, namely Central Phuket Floresta Luxury Zone and Central Village; three renovation projects (out of five planned) duly completed: Central Chonburi, Central Chiangrai, and Central Lardprao.</li> <li>• Successfully developed product innovations and new services, exceeding planned targets: 34 destinations across 14 projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Two shopping centers to be constructed; 2 shopping centers to be major renovated, with 8 projects to be partially renovated.</li> <li>• Follow product innovation formats to meet the target of 17 destinations.</li> </ul>

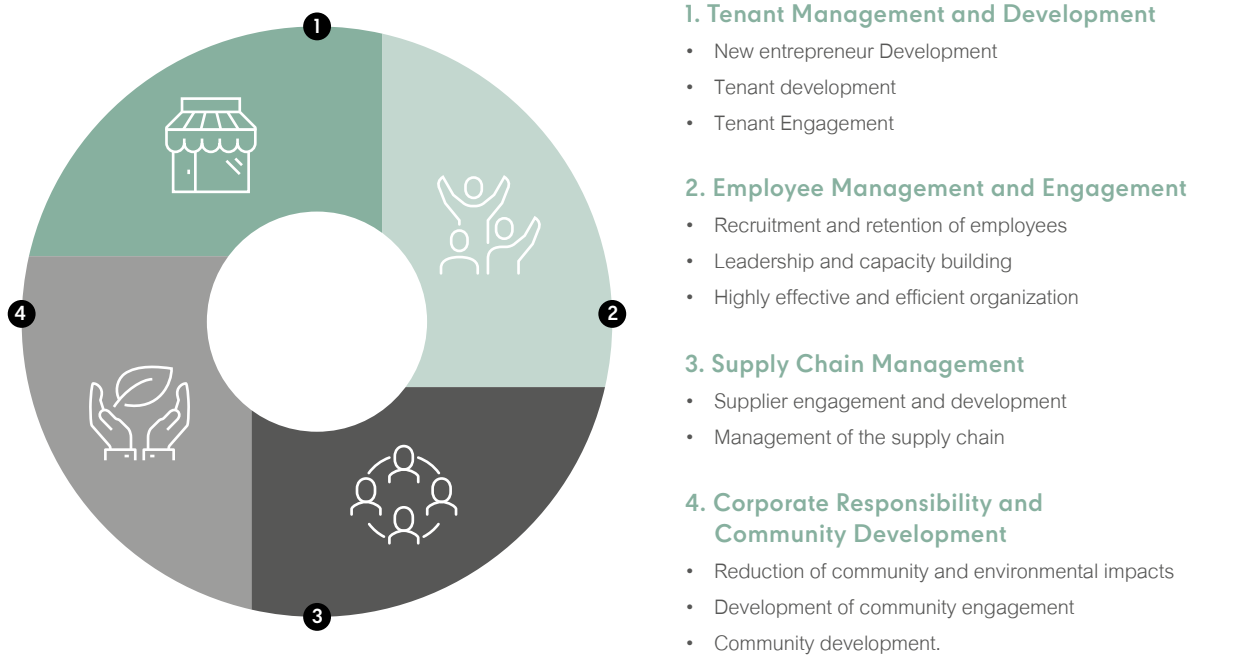
Topic	Performance in 2019	Plan for 2020
 <p>Service Excellence</p>	<ul style="list-style-type: none"> <li>• Strategy successfully implemented in 34 projects on service quality enhancement project called “Service with the heart”, where training was provided to staff in customer relations, shop relations and redemption counters, and staff of sub-contractors: housekeepers, security guards, parking lot staff and redemption staff.</li> <li>• Successfully implemented annual strategic plan on creating beyond-expectations experiences and improving current amenities for customers, especially on traffic and parking issue, for instance, Smart Q service in 11 projects, Quick Parking in 14 projects, Valet Parking in 1 project, Lady Parking in 2 projects, and VIP Parking in 3 projects, altogether 31 projects.</li> <li>• Made preparation for application of ISO 45001 certificates for Central Rama 3, Central Rama 9, and Central Mahachai, expected in 2020.</li> <li>• In 2019, the Shopper Satisfaction index on “convenience” was 86 (1% higher than in 2018) and security was at 79 (same as in 2018).</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of the annual strategic plan on increasing customers' and tenants' satisfaction by creating new experiences with improved service amenities.</li> <li>• Successful application for ISO 45001 (safety and occupational health) accreditation for three projects.</li> </ul>
 <p>Integration of Digital and Technology</p>	<ul style="list-style-type: none"> <li>• Unique experiences for customers via LINE Application were implemented as planned. In 2019, more than 1 million people signed up, and more than 40 promotional campaigns offered by our tenants were directed to customers via the LINE Official Account. About 190,000 members of The1 Card have registered for reserved parking service. Moreover, Digital Directories were duly installed.</li> <li>• Implemented the annual strategic plan in offering digital experiences to tenant stores via CPN Serve, with a utilization rate of 61%.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of the strategic plan to create maximum benefits by analyzing Big Data available on-hand.</li> </ul>

### 3. Stakeholder Engagement

Central Pattana highly values stakeholder engagement and satisfaction and aims to create maximum sustainable mutual values and benefit. The Company has specified communication channels and inclusive engagement of all stakeholders involved as specified on page 71-72 and 188-191. Stakeholders are divided into primary stakeholders and secondary stakeholders with action plans for the primary stakeholders integrated into the annual business plan.



#### Management Approaches and Performance



Detailed reports of management approaches and additional information can be found on the company website: <https://www.cpn.co.th/en/sustainability/sustainability-strategy/stakeholder-engagement>

### 3.1 Tenant Management and Development

In 2019 the Company conducted surveys among shops and tenants in the shopping centers to determine satisfaction levels of services provided by Central Pattana using the quarterly online survey method by the Tenant Relations Team. The surveys were analyzed and developed by outside experts and the internal marketing research team, with the questions selected from brainstorming activities of concerned agencies and consolidated results of the last few years' satisfaction surveys. The results of the data analysis would be passed on to concerned teams to devise improvement approaches and service enhancement in each project. The scores also form one of the performance indicators of each project and comprise one of the criteria for the Company's Outstanding Shopping Center award of the year.

#### 1. New entrepreneur Development

The Company's strategy for recruiting and developing new entrepreneur comprises two channels: Diversify areas in the shopping zones to respond to the needs of entrepreneurs and satisfy the different lifestyles of customers by using new model designs: 1) Short term pop-up stores in the common area, to allow entrepreneurs to test out the market; 2) Market Market project, to allow small enterprises without retail experience in shopping centers to try out the market; 3) Jing Jai Farmer's Market for local organic farmers to directly offer their products; 4) Souvenir corner, for example, at Kad Luang, Northern Village, a center for premium local handicraft, and 5) Easy take-away or take-home market in the Food Park Zone. In 2019 the focus was on developing start-up markets or small zones in areas where shops are still vacant so as to allow smaller local enterprises to conduct retail businesses in a temporary market that requires little investment. The target was reached when, on the average, 20% of the vacant area in each project was filled by tenants.

Another strategy is to recruit new enterprises that fulfill the needs of the target customers, such as tourists, to enhance their shopping experience by seeking out new overseas businesses, entrepreneurs who wish to diversify their business and well-known brands. In 2019, 221 new tenants moved in to occupy the 261 vacant spaces in all shopping centers (including Central Villages, which was just launched in 2019).

### 2. Tenant Development

The Company assists all potential entrepreneurs at every level of income to develop their businesses, whether existing tenants in business with the Company or companies in the Central Group and those who are not currently doing business with Central Pattana can participate. Two types of development are available:

- 1) CPN Leading Entrepreneur Advanced Development Program – or CPNLead. - This is an incubation project for new entrepreneurs that allocates classroom training time to increase management skills in modern trade business, comprising brand-building tactics and omni-channel marketing plans for increased customer engagement. These plans are tested out in real event marketing called “Younique market by CPNLead” held in designated areas within designated shopping centers. In 2019 CPNLead Class 3 had 37 participants from shops offering food, fashion and other goods, with instructors from leading enterprises and experts in the retail business who underwent 15 courses and study visits to online and offline retailers. The attendees were also given an opportunity to open real shops in the Company's shopping centers as well as to launch cross-product campaigns in the design of pop-up stores. Opportunities for individual consultation on its business plan with concerned instructors and experts were also provided.
- 2) CPN Retail Academy - This is an extension of the SME Think Big and SME Think Big Roadshow 2016-2017, adapting appropriate formats from CPNLead. The CPN Retail Academy assists small enterprises to develop and strengthen their retail businesses where the courses provided were developed from questionnaires put to the enterprises. In 2019 the focus was on providing basic information to unskilled tenants such as marketing, online marketing, customer relations and development of products as well as upscaling shop windows. Two classes went through training in December 2019 for shops in the Bangkok area and shops in the Northern region for more than 225 participants. Results of the satisfaction survey were found to be 9.5 out of 10 points. In 2020 three action plans are defined: 1) continuation of basic training for all regions, 2) follow-up of Class 1 and 2 by internal teams according to the courses attended, and 3) selection of those who passed criteria to attend consecutive courses.

## Success of CPNLead 3



**169%** increase in number of applicants to CPNLead 3 from last year



**98%** of satisfied participants, an increase from CPNLead 2 by 34%\* with all attendees willing to recommend the program to other entrepreneurs.



**48%** of the participants were confident and decided to join Central Pattana's business



**96%** of the participants saw the opportunity and wanted to join Central Pattana's business, both in opening shops or expanding new branches in Bangkok and the provinces



More than Baht **11.7** million in income was generated by the participants in the "Younique market by CPNLead" and Pop-up stores (for some only) that was held four times over **35** days.

(\* Due to a change in calculation method)

## Interview from CPNLead 3 participants:



**Pasit Ratcharupong**  
Kiss Me Doll – scarves

"CPNLead 3 was way over my expectations. I was taught many things with so much experience sharing, and we actually have to put in an effort! I didn't use to think we had to go back to see the store or make the shop windows look good. This project actually stimulated me to look again. I made many new friends in the retail business. We get to do workshops together and helped each other think of new products. It is really rare to have a chance like this. We even share our suppliers' information."



**Jaruwan Lertsinpakdee**  
Zleep Sleep – Bedding



"I have been in this business for twelve years; some of the things taught I already know. Participating in this course made me look back at myself. Instructors taught us and gave us frameworks for ideas. From a point where I was afraid to invest or open up shop, Central Pattana just gave us a space to try everything out, and to do it right away. And you would know right then if you are going to survive or not, which is timely for us. It is like we are trees that grow in the forest. Some are tall, some are short, while some have strange shapes. CPNLead shapes us to be more beautiful and flourishing trees."

### 3. Tenant Engagement

Central Pattana engages entrepreneurs in business development through meetings to develop new marketing and sales campaigns that can respond to the needs of entrepreneurs, increase revenue, and streamline management efficiencies. In 2019 Central Pattana conducted the following programs:

- 1) Exclusive Campaign @ CPN with the Company jointly recommending products for cross-promotional campaigns. The special campaign generates benefits for all involved, including the client, i.e., the joint campaign between the fashion brand Marimekko and the restaurant Greyhound Café that seeks to create the experience of a superb meal from signature dishes of Greyhound Café with special table-setting created by the unique art of Finland. Another novel campaign linked the offline food business “KINHEY by Greyhound Café” and the online restaurant “Poo Dong An-Yong” to produce a special menu at Greyhound Café in the “KINHEY by Greyhound Café featuring Poo Dong An-yong” campaign. The Company also initiated a joint campaign between brands and specific entrepreneurs or small businesses for niche customers by adding credit card suppliers, thus expanding channels for data collection of clients that may be of use for entrepreneurs in the future. Another campaign allows customers to exchange points for special gifts such as “The Little Campus – Len Hai Pen Reung (Learn as you Play), a joint campaign between D-Malt UHT milk products, educational enterprises and the The 1 Card (T1C) that provided educational activities for children during school breaks and brought in several famous coaches to share experiences and inspire young children to have the courage to do what they like. This is the third year of the well-received campaign, with 90 educational enterprises joining the campaign and 250 shops in 19 shopping centers. The campaign increased revenues for all participating shops by 8% and the volume of points exchanged from T1C increased by 12%. In addition, the Quality Parent Community was expanded
- 2) Festival Sales Promotional Campaigns at other suitable times nationwide to increase sales volumes all year for shops in the centers. Each campaign comprises a dedicated event area decorated accordingly, activities, stalls, workshops and gift exchange. In 2019 there were five main promotional campaigns that generated more than Baht 2.5 billion in revenue for the enterprises involved (numbers collected from the value of gift exchanges only).
- 3) Tenant relations-building activities and joint meetings to foster closer relations and informal cooperation among tenants, to provide a forum for recommendation as well as an opportunity to conduct quarterly satisfaction surveys. In 2019 activities under the “Center of Life” theme were organized to offer diverse lifestyle choices such as invitation for suppliers to travel to Chiang Rai together for an extremely special touring experience of the “City of Art” and invitation business partners to attend the grand opening ceremony of Central i-City in Malaysia, as well as other entertainment activities that are customized to personal lifestyles.

## Sustainability Performance: Tenant Management and Development

Topic	2019 Performance	Plan for 2020
 <p>Sustainability Indicator</p>	<ul style="list-style-type: none"> <li>• Determined “Tenant Satisfaction index” as corporate indicator. The target was scored 83 out of 100.</li> <li>• In 2019, the tenant satisfaction indices was at 83 as targeted or 4% more than 2018.</li> </ul>	<ul style="list-style-type: none"> <li>• Determine “Tenants Satisfaction index” as corporate indicator with an increase of 1% over 2019 as the target and Long-term goals are set at 85% in 2022.</li> </ul>
 <p>Tenant Development and Engagement</p>	<ul style="list-style-type: none"> <li>• Under the Potential Entrepreneur Development Plan of CPNLead 3, 37 participants joined the workshop and 11 jointly worked with Central Pattana to open 25 new shops and branches (30% of all attendees).</li> <li>• Applied the strategic sales promotion plan and increased pop-up stores to 61 from 49 enterprises, a planned increase of from 2018.</li> <li>• Applied the digital technology plan by working with shops to launch the “CPN Serve” application so that all target shops can use the application in all branches.</li> <li>• Supported small and local retailers to launch 5,288 modern trade shops (repeat counts, as of December 31, 2019), an increase of 5% from 2018.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement promotional marketing campaigns and business development (Co-creation plans).</li> <li>• Implement strategic sales promotion campaigns and expand the pop-up store concept appropriately.</li> <li>• Integrate the data of clients from Big Data sources such as The 1 member for the most benefit to entrepreneurs.</li> <li>• Increase the ratio of local businesses to 10-20% from the CPN Retail Academy and from additional recruitment</li> </ul>



## 3.2 Employee Management and Engagement

In its employee management and engagement program, Central Pattana adheres to fair and equal treatment as well as appropriateness based on its corporate governance code and human rights principles<sup>7</sup> (Corporate governance report, page 191). Central Pattana aspires to be an 'Employer of Choice' and manages its employee engagement program in three aspects as detailed below:

### 1. Recruitment and retention of talents

The Company strongly adheres to the corporate governance code. Its recruitment process must be transparent and fair while giving equal opportunities to job applicants without discrimination against gender, race, or personal background. Such practice has brought about a broad diversity of age, education, gender, and domicile of its human resources. Of the entire workforce today, those under 30 years of age and those over 50 account for 27% and 6% respectively. In 2019 Central Pattana enhances itself as an Employer Brand through various platforms of social media, namely Facebook, LinkedIn, and Chatbot, as well as Walk-in Interview and On-campus Interview. The Company's survey of brand preference among job seekers will be adjusted and aligned to that of Central Group by 2020.

During 2019 Central Pattana recruited 728 new staff through online and offline channels mentioned above. The Company stresses opening its door for new recruits from the provinces while allowing existing staff to move back to their hometowns. Employee requesting transfer to one newly opened mall, Central Village, accounted for 31% of the store's total manpowers. Employees in other affiliates of the Central Group are also allowed to move to Central Pattana under the Fluid Career Growth project, initiated to support staff growth in the career paths of their preference. At the same time, provides the Company's HR management unit more channel to recruit from internal employee to fill vacancies under certain conditions. The project has already started in Q3 of 2019. According to 827 respondents of a survey, equivalent to 16% of the workforce, 39% of our current staff expressed their wishes to move to a different field of work while 61% preferred to remain in their current jobs.

Over the course of 2019, there were 34 cases of employee transfer between Central Pattana and other affiliates of the Central Group. Of the number, 28 moved from the Central Group to Central Pattana, or 82% of those that had requested transfer. Meanwhile, six staff moved from Central Pattana to Central Group or in the other word, 18% of staff asking for transfer.

Recruitment and workforce expansion plan

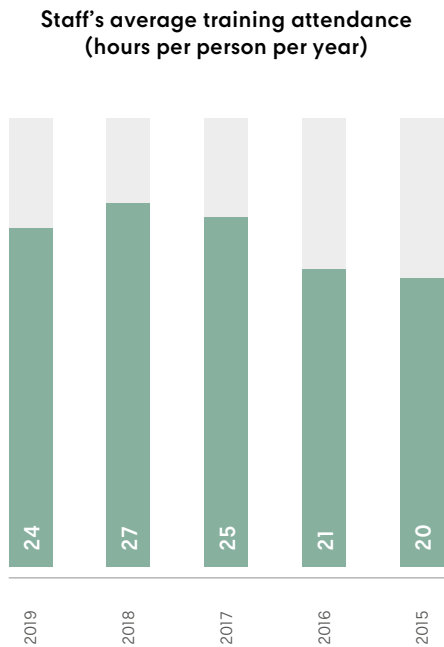
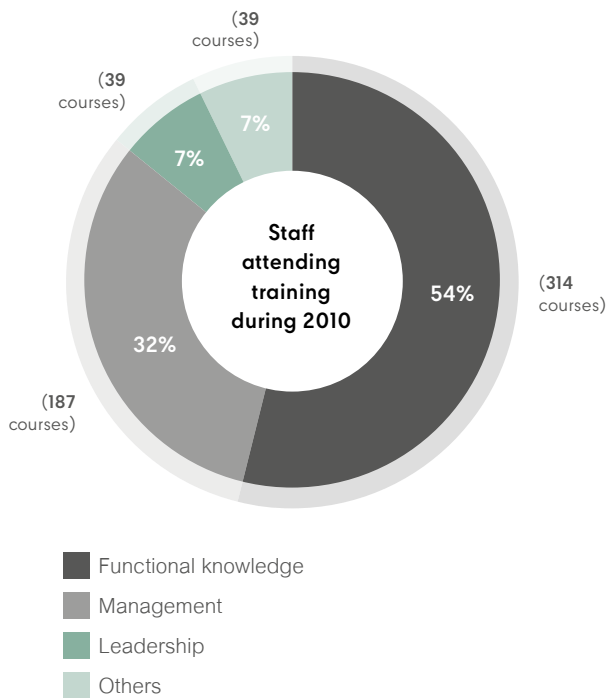
- **Work Integrated Learning Program (WIL)** – This program under collaboration between Central Pattana and King Mongkut's University of Technology North Bangkok aligns classroom learning with real work from August 2018 to July 2021. There were 14 students in the second batch of the program. WIL accepts upper vocational graduates to work with Central Pattana while allowing them to pursue their undergraduate studies for three years. Participating students will acquire hands-on experience and be able to work with their university instructors to have their classroom learning catered for industrial requirements. Students joining the program are given allowances and medical welfare like other staff. To date, 12 students from the program have been recruited to Central Pattana.
- **Central Group Management Associate (MA)** – To groom young executives, Central Group will select high-flying members of the young generation and fast-track them through their career paths in three business groups, namely retail, property management, and brand management. In the fifth year of the program, 12 staff from MA are being rotated in the Company.

<sup>7</sup> More information on <https://www.cpn.co.th/en/sustainability/corporate-governance/policies-implementing-guidelines>

- General Manager Trainee (GM Trainee) Program – The program recruits and develops staff at the store manager level to accommodate business expansion. Continued from 2017, employees interested in GM Trainee will have to pass screening, namely written examination, interview, and leadership assessment. Qualified candidates will be provided training courses on work process detail and leadership development – both classroom and on-the-job training under the supervision of a store manager. In 2019 eight people were selected to the program, seven from within Central Pattana and one transferred from the Central Group.
- Extended-retirement Program – The program allows retiring employee to extend their service for one or two more years, depending on business needs and mutual agreement between the employer and the employee. Under the program, employee are allowed to work longer with Central Pattana. 10 employees have already joined the program.

2. Leadership and competency development

To encourage learning among staff according to the 70:20:10<sup>8</sup> learning model. Central Pattana provides training, which mainly concern management, functional knowledge, and leadership development. Of the total 579 courses held during 2019, online training accounted for 7%, an increase of 1.5% over 2018. The number of employee attending the training, both classroom and online, increased 3% over 2018. Satisfaction with the training scored 92% (unchanged from that of 2018). The average attendance was 24 hours per person per year, down 10% from 2018, in line with the plan to provide training through different channels.



<sup>8</sup> Personnel development approach, which comprises learning by doing (70%), supervisor's guidance (20%), and classroom training (10%)

### 1) Individual Development Plan (IDP)

In support of business expansion, Central Pattana ran the program to develop 163 outstanding employees, ranging from officer to senior manager levels. Each one in the program is tasked with designing his or her own individual career development plans (ICDPs) based on the 70:20:10. It was found in the previous year that the top three types of self-development training of greatest interest to this group of capable employee involved leadership, analytical thinking, and specific knowledge in their respective field of work. Furthermore, development of these staff is to be assessed on a quarterly basis. During 2019, 86% of the target staff were assessed against the plan.

### 2) For employee at the managerial level, Central Pattana has the People Manager Program for raising their HR management efficiency. The target group includes those at branches from the manager to the general manager level and those at the headquarters from assistant vice president to president levels, 268 in total. The 360-degree assessment tool measures these staff's leadership. Feedback from the target staff themselves and people around them, namely their supervisors, peers, and subordinates, is to be collected so that gaps can be identified. The leadership assessment looks into the following seven traits:

- Being proactive
- Empowerment and encouragement
- Coaching and development
- Recognition
- Listening
- Collaboration
- Digital literacy and flexibility.

To develop employee at this level, the Company applies classroom training, micro-learning using applications, and one-to-one communication on an application. Development through these three channels was found to account for 70%, 39%, and 41% respectively, which will be used for further improvement in the following year. After having attended the provided training program, followed by continuous self-development, these staff's leadership will be reassessed using the 360-degree method to measure their progress.

### 3) To raise staff potential, Central Pattana has drawn up a Functional Training Roadmap in a modern fashion to better suit the organization's requirements. Discussions are to be held with each function to make improvement from the previous version so that the roadmap can be most responsive to the nature of work and the changing workforce. Training courses are identified according to job roles, while suitable training periods are arranged as from the day employee joined the Company. This includes scheduling of courses in each upcoming year. Assessment and monitoring ensure that staff receive training as planned. When staff make progress and grow to a certain level, they will receive leadership training and People Manager training. As much as 93% of the functional training roadmap has now been completed.

### 4) To raise the professionalism of the HR team, who look after the entire workforce, Central Pattana has an HR capability development plan for the HR Capital and Organizational Development function. This measure minimizes possible impacts from the evolving organization. Those at the supervisory level are to be assessed with the HR Occupational Standard Model of the Personnel Management Association of Thailand (PMAT), a certification body for professional qualification in HR management. In 2019, 67% of staff involved (four out of six persons) were assessed and certified. Those who have been assessed but not yet certified will be developed under the plan to raise their capability.

### 5) To equip employees with digital skills to get them ready for disruptive technology, Central Pattana provided five training sessions and shared knowledge of digital innovation and modern technology in the retail industry with interested employees and agencies concerned, with a total of 258 attending. An assessment was made following the training and an opinion survey was conducted to see if any input can be expanded and put into practice. Moreover, an application was developed to facilitate employees in doing their jobs and engage in administrative transactions, such as requests for welfare, requests for budget approval, placing orders, and financial transactions.

- 6) The Company grants scholarships for higher education. staff can apply for a master's degree scholarship with two-year binding. Qualified staff will have to go through an interview to see if they indeed possess the attitude and determination for developing their own selves, the organization, and society. In 2019 four staff members applied for master's degree scholarships, bringing the total number of scholarships to 13 since the first year of the grant in 2016.
- 7) The Company values staff with specific expertise, such as technical service systems and management. The Center of Excellence was established to particularly seek these specialists as part of the organization's effort on organizational knowledge management and knowledge sharing with capable staff. The project is organizing training courses for the five specialists to share their knowledge with staff.
- 8) To foster innovation within the organization, Central Pattana has held the "Dreamteam pro and Dreamteam mini" project for nine years in a row now. It has been adjusted to encourage staff to continuously express their views for making improvement. New ideas will be submitted for a contest and expanded companywide, based on the quality management cycle concept. The program is divided into two levels. One is Dreamteam pro, intended for projects involving the plan-do-check-act (PDCA) approach and the QC story. The other is Dreamteam mini, designed for quick-win problem-solving projects based on Kaizen principles that aim to redesign and fine-tune work processes to achieve the desired results. Participating staff will have a chance to upskill through training on quality management, Kaizen, PDCA, and QC Story. They will also learn about choosing a problem-solving topic, basic financial analysis, teamwork, and creative thinking. In 2019 Central Pattana aimed to achieve cost reduction of Baht 2 million over 2018, or around 20% of total expenditure, through this project, whose success is determined by staff participation. A total of 156 groups of staff submitted their projects, 56% up from the previous year. Selected projects could prove to help save the cost on electricity, water supply, maintenance, as well as raw materials, and paper worth altogether over Baht 3 million per year, equivalent to a 436% return on investment in HR development.

### 3. High-performance organization

- 1) For performance management, Central Pattana has amended the job values and improved responsibilities under the designated plan. It has deployed the Central Group's tools and guidelines for job family classification, continuing from 2018. In 2019 it added job titles to the structure and completed the mission as planned. The Company also prepared a new standard for the new HR information system called "CNext" for a launch in 2020. However, a two-dimensional employee performance evaluation system remains in use. To elaborate, Central Pattana conducts annual evaluation based on corporate KPIs, cascaded down from the department to the division level, and the bi-annual evaluation based on the I • CARE values. The Company then considers salary increases and bonuses based on those results, which also serve as a reference for promotion and preparation of individual development plans in the following year. Furthermore, it has studied the Agile way of working and leveraged OKR (Objectives and Key Results) to drive development at individual, team, and organizational levels to achieve the shared corporate goals. It piloted OKR, in combination with traditional KPIs, in three departments, namely Human Capital and Organization Development, Excellence and Sustainable Development, and some divisions in the Marketing Division. Thanks to the positive results of effectiveness evaluation and feedback received from all three departments, the Company approved some departments' use of OKR to drive the 2020 plan fully.
- 2) The Company improved the work environment under the "Smart Office" project, in which it allows employees to work in a modern and flexible ambiance that better meets their nature of work and lifestyles. Scheduled to be completed by 2021 (one year postponed), the project renovated the Head Office and branch offices in stages. In 2019 the renovation of work areas in the Head Office was completed as planned. Each department had an opportunity to brainstorm and generate ideas for improving its office under the Work Smart concept. This implementation aimed to meet different natures of work under the same I•CARE values. The project replaced old furniture with the modern design fittings with applied physiological principles and ergonomics. The work desks are arranged in an open area, without panel, as co-working space to serve the Agile way of working,

which focuses on team communication. A quiet zone was available for those who need to concentrate, and a semi-living corner was for informal meetings. The project also provided a bar counter for staff to enjoy their meals together and a ping-pong table for them to exercise. This table could be converted into a conference table when required. Moreover, the project featured an enhanced IT infrastructural system such as wireless internet, computers, and programs to facilitate mobile work. It also upgraded the VDO conference system connected with internal and external parties and enabled employees to reserve meeting rooms and notify the maintenance staff within the organization via an application and a QR code.

- 3) The Company improved the HR management process and adapted technologies to work. To study, review and adjust salary structure and employee fringe benefit to be more flexible which varies by employee's lifestyle and requirement. For instance, adjusted travel allowance permission for junior level similar to supervisory level. Collaborate with insurance partner to offer health insurance for family members with lower premium. Enhance group insurance among partner's hospitals. Collaborate special insurance contract for employee who requests to enhanced for 40 critical illness rider (ECIR) etc.

For technology integration, the Company developed application to support the "Smart Office" way of working, including employees' transactions such as benefit disbursement via the Smart Expense system, budget requests, and e-memo (approval memo). Moreover, work applications like Smart Sale can save up to 95% of the time on the approval of all new contracts. The time spent on marketing budget proposals improved as well. At the end of 2019 no proposal took longer than a month for approval. The technology integration is applied to improve the award redemption process and point-of-sale (POS) payment as well.

- 4) Employee safety is one of the factors under Central Pattana's consideration when measuring organizational effectiveness. Both full-time and contract staff must comply with the Company's occupational safety and health policy<sup>9</sup>. In 2019 the Company prepared three projects (in addition to one planned), namely Central Rama 3, Central Rama 9, and Central Mahachai, for ISO 45001 certification. In compliance with the law, Central Pattana established Occupational Safety, Health, and Environment Committees at corporate and branch levels. Totally 340 employees joined the committees: 189 represented the employer, and 151 represented the employees, accounting for 6.7% of the total employees (excluding contract staff). To enhance employees' understanding and personal and public security skills, the Company provided training, such as major-fire training, maintenance of machinery like cranes, electrical system, water safety, safe work practices in confined and high-risk areas, first aid, ISO 45001 training for safety officers, and 5S. In 12 courses, 1,214 employees (recounting), representing 23.9% of total employees, received training from internal and external instructors.

<sup>9</sup> Additional details are available on <https://www.cpn.co.th/en/sustainability/corporate-governance/policies-implementing-guidelines>

5) In forging and maintaining employee engagement<sup>10</sup>, the Company set employee welfare and compensation on the basis of good corporate governance to ensure that employees receive appropriate benefit, which remain competitive in the labor market. Gender differences, race, or physical disability does not hamper the employees' compensation and promotion. The Company is also open to employees' comments from the People Team as well as formal internal communication channels, including whistleblowers and informal channels such as information provided through supervisors. Moreover, Central Pattana offers employees the rights and freedom to engage in various activities in compliance with the Company's corporate governance code.

In establishing employee engagement, the Company conducted an evaluation under the "CG Voice" (Central Group Voice) assessment program in compliance with Aon Hewitt's framework to be the Employer of Choice. The implementation focuses on two dimensions, four categories of fundamental factors affecting engagement, and three categories of the factor affecting change in engagement. In 2019 the employees participating in the evaluation represented 81% of the total staff, and the result yielded an employee engagement score of 73%, 3% higher than other affiliates of the Central Group. Central Pattana was therefore classified as a high-performance organization according to Aon Hewitt's definition. The Human Resources management taskforce and top management of each department analyzed and leveraged the evaluation outcomes and factors affecting engagement to formulate a plan to increase employee engagement. Then the idea was reported to the People Management Committee (corporate level) and the Nomination and Remuneration Committee. In 2019 the Company paid attention to factors affecting engagement, especially in talent development, leadership of top executives, recognition and motivation, and technology adoption at work. This led to higher scores in these 2 categories.

In driving the corporate culture under I • CARE values, Central Pattana continued to take three actions: the use of media and public relations, participation, and executives' role models.

- Used media and public relations through internal communication channels such as the email, posters (Admired Plus), internal radio channel (CPN Radio),

internal television channel (CPN Channel), social media, and "CPN GEN WE" online application. The "Workplace by Facebook" platform is an additional channel to enhance the efficiency of internal communication, supporting Group Calling function live broadcasts. With the data analytical system, it automatically links employees' emails when they join the Company and terminates the linkage when they resign. The Company also applied artificial intelligence (AI) to Chatbot called "Nong Cee" (Sister Cee), which answers questions related to employees, especially welfare, vacation, leave, and the Company's extension numbers.

- Promoted participation through activities such as annual employee relations activities, family day, and sports activities. This includes off-hour recreational activities that meet employees' different lifestyles and preferences, for instance, Zumba dance, yoga, Mortal Kombat, Piloxing (which combines Pilates with boxing), and running. In 2019 the Company focused on the "Moment That Matters" activity, promoting a corporate culture that creates the best moments. It encourages employees to write recognition cards to thank and convey positive feelings to their colleagues.
- Hosted workshops on the corporate governance code, anti-corruption, and bribery to ensure that employees understand related policies, laws, and regulations and join the network of staff observing and reporting incidents under the scope of misconduct. In 2019 the Company hosted three training sessions for 123 managers. The training results revealed that 98% of the participating employees were satisfied and found the contents practical.
- Served as role-model leaders adhering to the i-CARE values. For instance, the "SD Champion" leaders in the "CPN Step2Share #2, Sharing when stepping year 2" project encouraged executives and staff to take care of their health in the running or walking activity. They, as an entire organization, accumulated the distances covered and turned them into donation for non-profit organizations. Furthermore, ZeroHero leaders persuaded executives and employees to join the Zero Hero project. It fostered their awareness of reducing single-use plastics and segregating waste upstream, as detailed under the "Waste and waste management" topic, under Employees, on page 156. Three I • CARE Agents (continued from 2018),

<sup>10</sup> Additional details are available on <https://www.cpn.co.th/en/sustainability/sustainability-strategy/stakeholder-engagement/employee>

on behalf of the Company, disseminated, drove, and supported five values of Central Pattana and the Central Group among the workforce to ensure their understanding and compliance. They instilled such values to strengthen the corporate culture and engage employees.

## CPN Step2Share # 2, Sharing when stepping year 2

This project encourages employees to stay healthy by walking or running in their places of choice: outdoor, gym, or workplace. The target of cumulative distances inspired by the OKR guidelines was the distance from the Earth to the Moon (384,400 kilometers), almost four times higher than that of the first year's target (384%). The

activity took place from May 21 to June 21, 2019. Every kilometer recorded and shared in the CPNStep2Share application was equivalent to Baht 5, which the Company would donate to Maharaj Hospital and the Red Cross Corps of Nakhon Ratchasima.

### Project outcomes



employees and  
executives  
**3,492**  
people

**70%**  
of the  
workforce

- In total, 3,492 employees and executives, representing 70% of the workforce (compared total workforce at the event period), participated in the project 106% more than the first year's project.



The cumulative  
walking or running  
distance  
**474,358**  
kilometers

donation  
**2,371,788**  
THB

- The cumulative walking or running distance was 474,358 kilometers, 23% higher than the target, and 303% higher than the first year's project. It was equivalent to Baht 2,371,788 of donation.



- The maximum distance accumulated by the employees within 32 days was 1,264.45 kilometers from the male group and 657.54 kilometers from the female group, averaging 136 kilometers per person and a 94% increase from the first year's project.
- The post-project evaluation revealed that 14% of the employees had found this activity helpful for themselves and others because they can donate money and 5% proposed increasing the distance target and communication channels as well as inviting store operators to participate in the activity.

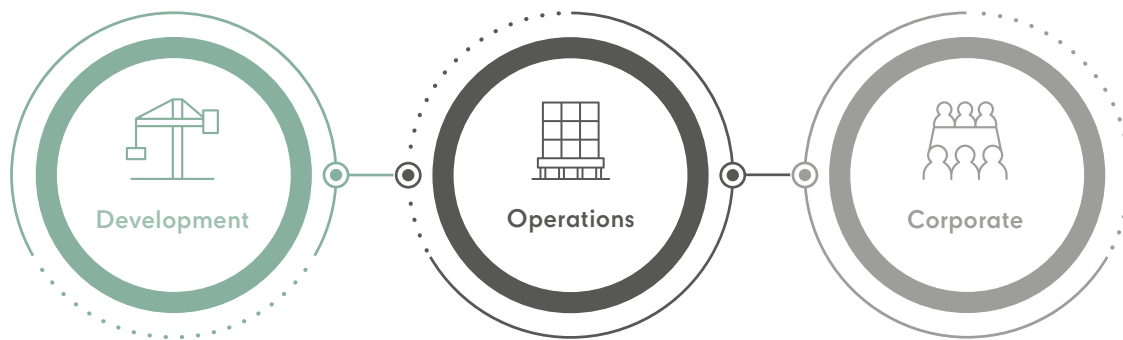


## Sustainability performance: Employee management and engagement

Topic	2019 Performance	Plan for 2020
 <p>Sustainability indicator</p>	<ul style="list-style-type: none"> <li>Set the CG Voice Score as a corporate KPI, targeting 75%</li> <li>In 2019 the Company got an employee engagement score of 73% (the same level as in 2018).</li> </ul>	<ul style="list-style-type: none"> <li>Set the CG Voice Score as a corporate KPI, targeting 75%.</li> </ul>
 <p>Recruitment and talent acquisition</p>	<ul style="list-style-type: none"> <li>Increased the Company's capacity to recruit and hire the right talents and meet the Company's needs as planned.</li> <li>Employed none of the staff from any other labor union and no union was established in the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Carry out the "Employer of Choice" plan.</li> </ul>
 <p>Development of leadership and employee competence</p>	<ul style="list-style-type: none"> <li>Developed middle management with potential by focusing on developing people management skills and enhancing digital skills as planned.</li> <li>Ensured that the employees attending the career path program gained advancement as planned, accounting for 86% of the target employees.</li> <li>Completed 93% of the Functional Training Roadmap for all departments.</li> </ul>	<ul style="list-style-type: none"> <li>Develop employee competency under the training plan jointly formulated with the departments.</li> <li>Continuously develop and enable supervisors to manage people. This development was scaled up to cover all managerial employees with subordinates.</li> <li>Develop shopping center executives to increase business management capacity and strengthen partnership with business partners to enjoy sustainable growth together.</li> </ul>
 <p>High-performance organization</p>	<ul style="list-style-type: none"> <li>Implemented the employee engagement plan. The voluntary turnover rate was normal.</li> <li>Implemented the Smart Office Plan in phase 1 and 2 as scheduled and postponed phase 3 to 2021.</li> <li>In 2019 two employees passed away because of their dedication to duty, and 13 people were injured in a fire at centralwOrld on April 10, 2019.</li> <li>Neither complaints nor labor disputes arose.</li> </ul>	<ul style="list-style-type: none"> <li>Develop a flexible employee management process which is adaptive to the organization's rapid change.</li> <li>Develop a systematic, watertight approach for stakeholder safety management with preventive and follow-up guidelines on reducing frequent and repetitive accidents.</li> <li>Create a corporate culture that embraces rapid organizational change while strengthening I • CARE values.</li> </ul>

### 3.3 Supply Chain Management

The Company defines supplier management plans according to the supply chain management policy<sup>11</sup> emphasizing mutual transparency and fair trading with minimal impacts on communities, society, and the environment while considering human rights and safety in the supply chain, that is, suppliers in business development and construction, suppliers in shopping center and market development, and suppliers in organization management.



Services to suppliers are grouped as follows:

Building consultants	Building contractors	System engineering and suppliers
Construction materials manufacturer	Utility providers	Outsource & Subcontractors
Information technology and audio	Marketing and organizers	Administration and general products
Food supplies, packing & beverage	Insurance	Consultants, legal, and research firms

#### 1. Supplier Relations Management and Development

In 2019, the Company changed timing for Suppliers' Meeting from annually to biennially and arranged meetings with specific suppliers informally to forge new relations, starting from a group of three new suppliers and existing ones. In the meeting, cooperation for a large new project was discussed, based on sustainable business management, good corporate governance, and anti-corruption, as described in the CPN Code of Conduct for Supplier<sup>12</sup>.

One of the business relations development actions with suppliers was the joint development of a valued innovation, especially, during the development and construction of a project, focusing on common objectives in line with sustainable development, i.e. resource usage minimization and optimization, reduction of greenhouse gas (GHG) emissions, reduction of waste (scrap) and reduction of time in hazardous zones, improved health and occupational safety, and improvement of the standard of living of hired labor, including:

<sup>11</sup> More detail: <https://www.cpn.co.th/en/sustainability/sustainability-reporting-library>

<sup>12</sup> More detail: <https://www.cpn.co.th/en/sustainability/corporate-governance/code-of-business-conduct>

- Reduce and Reuse. Change of partition materials in construction work and area improvement from wooden frames to knock-down partition that can be reused more often and longer. The knock-down partition can also be recycled when it is no longer usable.
  - Central Pattana worked with constructors to upgrade the delivery process or defect inspection into a Defect Online Application to reduce paper usage and cut down on document processing time. The project was started at Central Pattaya and resulted in 30% reduction of paper in the whole process.
  - Fresh Air. Sprayed a fine mist of water in front of the air duct into the shopping center (fresh air) to cut down on the amount of dust entering the building, using the MERV - Minimum Efficiency Reporting Value standard, which complies with the improved ASHRAE (The American Society Heating, Refrigerating and Air-Conditioning Engineers) standard.
  - Installation of a combined wastewater system to bring condensed water from refrigerants for reusable. The system was installed in split-type refrigerants and was tested in the Central Village.
  - Utilizing of dust exactor fan during construction to vacuum the dust that is distributed in the construction area to ensure good health of construction workers.
  - Reuse of containers that have been modified for use as residence, offices and contractor's house. The containers are durable, easily installed, and reusable in other projects without the need for demolition or waste after project completion. At present, the Company has 20 housing containers for use in various projects.
  - Repair of ceiling borders by using stickers to decorate borders instead of repainting. This reduces the work of the painters who need to be in awkward positions to paint ceiling borders for a long time, which may cause body injury later.
- Details of previous joint innovation development with suppliers appear on page 125 of the 2018 Annual Report page 125

## 2. Supply Chain Management

### - Supplier Risk Management

Central Pattana managed supplier risks in two dimensions: Risks from operation and delivery of products and service and those related to sustainability of good governance, the environment, and safety, among others. Analysis is conducted in two dimensions: impact of the products and services to the Company, such as the suppliers are among the few operators in the market or have specific expertise, and the size of mutual transaction. From our analysis of 6,261 suppliers with transactions during 2019, it was found there were 132 in Group 1, with transactions more than Baht 10 million, comprising 76% of all hiring and procurement transactions, with 28% in development and construction, 40% in electricity purchase, and 32% in procurement for the management of shopping centers and company operations.

### Suppliers' spending analysis for 2019, based on spending

Supplier Group	Definition Classified by contract value	Number	Amount Spent (Baht Million)	Proportion of Total Cost (Percent)
Group 1	More than Baht 10 million	132	8,980	76
Group 2	More than Baht 1 million but no more than Baht 10 million	648	2,102	18
Group 3	Less than Baht 1 million	5,481	675	6
Total		6,261	11,757	100

In 2019, from the analysis it was found that 92 suppliers were at risk – 66% of which are in the business development and construction sector and 34% in the shopping center management sector. Therefore, the guidelines for reducing supplier risk and supply chain management goals are focus on reducing monopolies and corruption, reduce environmental impacts, increase the efficiency of the organization's procurement, and joint innovation development. The plan is divided according to the suppliers' service categories as follows:

Supplier risk mitigation measures	Construction Contractors	Manufacturers of Construction Materials and Building Renovation	Systems Engineering	Outsourcing Service Providers	Information Systems Service Providers	Event Management and Marketing Communications Service Providers	Manufacturers and Retailers of Supplies
<b>Monopoly and Corruption Risks</b> <b>Measures</b> <ul style="list-style-type: none"> <li>E-auction</li> <li>Replacement with automatic or cashless systems</li> <li>Recruitment of new suppliers</li> </ul>	•	•	•	•	•	•	•
<b>Risk of Environmental Impacts</b> <b>Measures</b> <ul style="list-style-type: none"> <li>Apply guidelines for reducing environmental impacts during the recruitment process</li> <li>Implement guidelines for waste reduction or recycling into operations</li> <li>On-site inspector</li> </ul>	•	•	•			•	•
<b>Risk of Procurement / Hiring Efficiency</b> <b>Measures</b> <ul style="list-style-type: none"> <li>Create centralized registration, including unqualified supplier accounts, such as those that provide services for both shopping centers and projects together</li> <li>Create an inventory register with the same order format, placed together</li> <li>Collaborate with companies in the Central Group in joint orders</li> <li>Collaborate with companies in the Central Group to provide timely product delivery services to reduce inventory keeping</li> <li>Create an online system for evaluating product/service quality received from suppliers so that direct self-evaluation can be made by the hirer and purchaser to increase convenience and speed</li> <li>Improve the subcontractor evaluation system</li> </ul>	•	•	•	•	•	•	•
<b>Opportunities for Joint Innovation Development</b> <b>Measures</b> <ul style="list-style-type: none"> <li>Small supplier development project to provide large-scale project services</li> <li>Innovative project to reduce waste by using the Circular Economy</li> <li>Study the use of robots to perform jobs with safety risks</li> </ul>	•	•		•	•		•

#### - New Supplier Recruitment

Central Pattana allows local and small enterprises to deliver of goods and services with the Company by opening new channels of online registration at <https://procurement.cpn.co.th/> to become suppliers for the Company. Registration can be done personally online, news can be subscribed, and bids can be submitted online 24 hours a day. In 2019, about 1,043 suppliers signed up online and 358 registered as new suppliers with the Company, or 9% of all new suppliers in 2019. In addition, Central Pattana has signed an agreement with constructors to procure building materials and labor from local areas during construction as well as finding interior decoration products from local handicraft sources.




#### - Assessment of suppliers and enhancement of procurement processes,

Central Pattana has started using an online direct assessment system of suppliers by the procurer since 2018. This system was fully applied in 2019, issuing QR codes for such assessment in every purchase order and in every item when a purchase order has been submitted through the online purchasing system of the Company. It was found that the system increased the efficiency in assessing suppliers. The unit responsible

for the procurement has used the results to separate suppliers into groups for development and service improvement. Criteria are divided into four levels and the suppliers to be analyzed are those categorized as medium. After analysis, if it was found that improvement and development can be undertaken to improve business, a letter will be issued listing areas and conditions of improvement, and meetings will be organized to improve mutual work processes. As for increasing the efficiency of procurement processes, after analysis of costs and risk of suppliers categorized by products, it was found that Central Pattana had improved its efficiency in procurement and supply chain management in the following ways:

- 1) Application of information technology, e.g. agreeable to purchase directly from vendors / suppliers via online platform, online tools are provided to request administration services, such as requests to use company vehicles, requests for repair of electrical appliances, air conditioning, and phone signals in the office.
- 2) Seek of alternative or automatic products such as studying the weaknesses and strengths of using automatic hand dryers to replace paper towels and the feasibility of using robots for risky tasks.
- 3) Develop the registration system for procurement into a centralization system to increase the capability to negotiate the quality of products/services for safety and environmental friendliness. The registration data on suppliers with good potential and blacklisted ones should be shared along the entire supply chain.

## Sustainability Performance : Supply Chain Management

Topic	2019 Performance	Plan for 2020
 <p>Sustainability Indicator</p>	<ul style="list-style-type: none"> <li>Determined the development of joint innovation as one of the indicators of organization innovation.</li> <li>Collaborate with 2 suppliers from 7 targeted group for innovation development in 2019</li> </ul>	<ul style="list-style-type: none"> <li>Determine the collaboration with supplier in innovation development as one of the indicators of organization innovation.</li> </ul>

Topic	2019 Performance	Plan for 2020
 <p>Supplier Management</p>	<ul style="list-style-type: none"> <li>• 358 suppliers and new contractors (excluding new foreign suppliers) passed the sustainability assessment (social, economic and environmental), or equaled to 8.6% of all new suppliers.</li> <li>• Assessed service quality of 2,005 suppliers and contractors that had transactions in 2019 through, online supplier assessment by the direct purchaser accounting for 48% of all online purchase orders.</li> <li>• Improved the review and risk assessment system of suppliers annually. Established and followed up risk reduction measures for key suppliers according to plans.</li> <li>• 141 procurement projects were conducted through the online bidding program with a value of Baht 336 million. Cost management effectiveness increased by 37% compared with cost before bidding.</li> <li>• There were 2,664 local suppliers with transactions with the Company, a total of 56% of all transactions in 2019, with a total purchasing cost in the local area of Baht 1,682 million.</li> <li>• There were no severe accidents during construction and project development.</li> <li>• No complaints on human rights violations, illegal labor, or impacts on communities and the environment were found in the Company's projects constructed and renovated in 2019.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct a feasibility study on determining the ratio of local and small suppliers for procurement in each segment of the value chain.</li> <li>• Develop strategic relations with suppliers in innovation building and capacity building.</li> <li>• Follow up and develop a plan to reduce accidents during construction and operation.</li> </ul>

### 3.4 Corporate Responsibility and Community Development

Central Pattana established guidelines for taking Responsibility and jointly developing communities with locals as presented on the Company's website <https://www.cpn.co.th/en/sustainability/sustainability-strategy/stakeholder-engagement/community>. It focuses on community engagement to strengthen communities and, in parallel, implements projects to support educational development. In 2019 the Company set the community engagement target as a corporate KPI and divided the plan into three aspects:

#### 1. Mitigation of communities and environmental impacts,

the Company focuses on two key areas based on materiality analysis. The first is traffic, from before, during, and after the construction to the service phase. The operation details are on page 114. Another aspect is the environment, especially in waste management and wastewater discharge, as detailed on page 152. The Company clearly assigned responsible departments by value chain. During the project development and construction, the Community Relations team is responsible for regularly supervising, inquiring, and monitoring potential impacts on surrounding communities within a radius of 8-15 kilometers. After the projects are launched, the Branch CSR team and Quality Control team are responsible for such duties. The Marketing team and other teams monitor complaints through different channels, including social media, to rectify, improve, and reduce the impacts immediately. In 2019 no operations of Central Pattana severely impacted communities or the environment.

2. Community engagement

1) Integration of local architecture into the company’s building design

Because Central Pattana intends to join communities in fostering pride in their hometowns and expanding the local identity to a broader scale. It sets design guidelines for architectural structures as well as interior and exterior decoration by adapting and modernizing communities’ distinctive cultures, traditions, and local highlights and making them shine. This idea is reflected in the facade decoration of many projects below:

1. Central Khonkaen	The shape of a bamboo sticky rice container commonly used by northeastern communities
2. Central Chiangrai	Indian Cork and red cotton, auspicious flowers in the north
3. Central Salaya	Perforated orchid façade, representing local economic flowers of Nakhon Pathom province
4. Central Suratthani	Coconut trees, commonly found in Surat Thani
5. Central Chiangmai	Northern-style flags and sky lanterns, signatures of Lanna folks
6. Central Phitsanulok	The provincial tradition of the longboat race
7. Central Ubon	Indian lotus, the provincial flower of Ubon Ratchathani
8. Central Mahachai	Maha Nawa Barge
9. Central Korat	Folk tales on the legend of Salet (White Ginger flowers) petals
10. Central Phuket	The Chino-Portuguese architecture of houses and buildings in Phuket Old Town



Central Village

The project was conceived from the ideal Thai city layout in ancient times. Central Village, located on the golden land called Suvarnabhumi, comprises a palace, temples, houses, and markets. Based on the Thai wisdom for ventilation and rainwater drainage, the “gable roof” was Thai architecture’s distinctive feature easily recognized by those from out of town. Therefore, the project was divided into three main areas. The restaurant adopted the concept of “market”, serving as people’s gathering place. Despite being busy, the place was equally charming. Small shops were compared to “houses” because people in the past sold products made from folk wisdom in front of their houses. As a result, these shops were named after four professional groups of Thai wisdom, namely the pottery village, blacksmith village, basketry village, and woodwork village. For luxury brands, the shops applied the concept of “temples and palace”, which represented the finesse and an essential element of the city.





## 2) Non-monetary support:

- Construction of building for benefit of the community such as a health center in Chaengwattana district, a public restroom model in Lumpini Park, Bangkok, Central Park on the Central Rama 2 premises, Pathum Wananurak Park on the centralwOrld premises and Korat River Walk Public Park on the Central Korat premises. Available in Central Phuket was a flyover with clear safety glass, a traveller, and an elevator to meet the strength and safety standards. In 2019 the Company provided a public walkway worth Baht 43.8 million for Bangkok Metropolitan Administration. It connects the Bangkok mass transit system, BTS, at Lat Phrao Intersection Station with Central Lardprao.
- The Company offered venues without charge or at a special discount to government agencies, educational institutes, civil society organizations, and non-profit agencies to organize exhibitions. It also allocated special zones to serve the public. Moreover, an activity the Company has held with the Central Group for 32 consecutive years is the provision of a venue for blood donation activity of the Thai Red Cross Society. In 2019 the event was called "Central Group Volunteers: Blood Donation to celebrate the royal coronation ceremony 2019". The blood donation activities were launched in 22 shopping centers and received 10 million cc of blood which donated to the Thai Red Cross Society. Furthermore, the Company collaborated with non-profit organizations such as the United Nations Children's Fund (UNICEF) in organizing a campaign called "Central-UNICEF Together for Every Child" "#EatPlayLove". This expo roadshow moved across the Company's shopping malls nationwide to raise Thai people's awareness of proper early childhood development, especially during babies' first 1,000 days. This period is the most crucial period for human development and an essential foundation of lifelong learning.

## 3) Donation

The Company provides sponsorship to communities, non-profit organizations, and suitable agencies engaged with the communities where it conducts business. The support includes donations for education and disaster relief. In 2019 Central Pattana donated to various foundations such as the Friends in Need (of "PA") Volunteers Foundations-Thai Red Cross, Na Muen Si Community Learning Center, Kidney Foundation of Thailand, Panyananthaphikkhu Chonprathan Medical Center Foundation, Foundation for Environmental Education for Sustainable Development (Thailand) : FEED, Vajiravej-Vitayalai Chalermprakiert Foundation, Yuvabadhana Foundation and Tieng Chirathivat Foundation, totaling Baht 68.9 million (including operational expense). Some donations were jointly donated with the Central Group and on behalf of Central Tham.

For disaster relief, Central Pattana, joining the Central Group through the Tieng Chirathivat Foundation, donated 6,000 survival bags worth more than Baht 4 million to flood victims in Phitsanulok, Khon Kaen, Roi Et, Sakon Nakhon, and Ubon Ratchathani. After the flooding, it collaborated with the government agencies to remedy and rehabilitate victims. For instance, the Company organized the Central Green Project: Waste War to reduce the amount of waste by turning food waste from shopping malls into fermented bio-extract before giving it to the Office of Natural Resources and Environment, Phitsanulok province. The office then distributed 1,500 bottles of the bio-extract to flood victims in six districts. At the beginning of 2019, Central Pattana, in collaboration with the Ministry of Commerce, hosted the Blue Flag Fair. To alleviate victims' suffering in 2018, it set up 170 booths in the plaza in front of centralwOrld for Pabuk cyclone victims from Yala, Chumphon, Surat Thani, Nakhon Si Thammarat, Trang, and Songkhla provinces to sell goods at lower prices than the market.

#### 4) CPN Volunteer activities

The Company offers the employees an opportunity to propose volunteer activities they and their colleagues are interested in for possible funds from the Company. They can spend work hours on volunteer activities to help, support, and join communities in social, cultural, and environmental promotion. Moreover, Central Pattana, together with employees and the Central Group, implemented the Centrality Project to jointly hold activities and create shared values for the surrounding communities or within the provinces where the project was located. As a result, throughout 2019, the Company organized 134 volunteer activities in which 3,972 employees participated (only collected data and double counting), an 88% increase from 2018.

### 3. Community development

#### 1) Community economy

With a firm intention to be the Center of Community that promotes wellbeing and brings pride to the communities, Central Pattana organized marketing activities in collaboration with government agencies and civil society agencies. These activities aimed to boost locals' pride in the city identity, create a community market mechanism, and strengthen the local economy. In 2019 the Company,

- Together with the Central Group, organized a sale of community products under the "Farm in Town" project for eight consecutive years. The activity served as a channel for farmers from 49 provinces across the country to sell more than 2,000 high-quality products in different zones, such as the herb zone, zone of vegetables, fruits, and organic products, and creative product zone at centralwOrld.
- Organized in collaboration with the Department of Intellectual Property, the "Fascinating Geographical Indication Products in Thailand" project promoted the geographical indication (GI) products from more than 60 sources at Central Bangna.
- Joined the Royal Project Foundation, scaled up the activity that sold products from the Royal Project from a big event at centralwOrld to 6 more shopping centers nationwide, including Central Chaengwattana, Central Rama 3, Central Bangna, Central Chiangmai Airport, Central Udon, Central Marina etc.

#### Jing Jai Farmers' Market

Central Pattana, joining forces with the Central Group, formed a successful community development model under a project entitled Jing Jai Farmers' Market. From a temporary marketing activity held on the Company's premises, the project earned a permanent spot in shopping malls. Central Pattana and the Central Group intend to sustainably create jobs and a good quality of life under the Central Tham project. This market, therefore, offers organic agricultural produce directly to consumers. In managing Jing Jai Farmers' Market, the Company applies the Group's knowledge and expertise, such as purchasing products directly from farmers and transferring to them the knowledge of trading, logistics planning, and setting and inspecting safety standards. It set a goal to make sure that Jing Jai Farmers' Market is a permanent community market where farmers directly sell consumers clean, safe, tasty, high-quality, and products at a fair price. This market not only boosts consumers' confidence, but also empowers farmers, knows customers' needs, and enables farmers to plan production targets. Since the establishment of the first branch in 2018, Jing Jai Farmers' Market has opened 14 more branches in 12 provinces, namely Chiang Mai, Udon Thani, Chiang Rai, Phayao, Khon Kaen, Ubon Ratchathani, Phichit, Sing Buri, Nakhon Ratchasima, Surat Thani, Nakhon Si Thammarat and Nonthaburi in 2019. Nine in-mall branches have helped more than 2,431 farmer households from 278 subdistricts, tripled the household income, and generated more than Baht 100-million recurring revenue to local communities. The project aimed to open 22 more branches by 2020.



In addition, the Company in cooperation with the Central Group, developed the local economy and distributed income to farmers under the following guidelines:

- Developed products and distribution channels. It supported and developed operational activities throughout the value chain, from production to sales, such as
  - Cooperated with the Royal Forest Department and the Earth Net Foundation in developing organic coffee to save the Phu Chee Duen forest in Chiang Rai province. This effort was implemented through the Reforestation to Generate Income project under the royal initiative of HM the late King Bhumibol. The products, launched to the market under the Good Goods brand, were available in the store located on the first floor of centralwOrld and in Tops Thailand branches.
  - Collaborated with the Chaipattana Foundation in the research and development project of highland agriculture in Fang District, Chiang Mai province. The project produces Phitsanulok 80 rice or “Sap-Pan”, graciously granted by HRH Princess Maha Chakri Sirindhorn, the Princess Royal. With medium to the low sugar content of only 59.5, the rice is suitable for health-conscious people or people with diabetes and obesity. The product is available in Tops Thailand in all the Company’s shopping malls.
  - Collaborated with the Public-Private Partnership (Sarn Phalang Pracharath), the Thai Chamber of Commerce, and the Pracharath Rak Samakkhi Nakhon Si Thammarat Company to turn highlight items of local communities in Nakhon Si Thammarat province into New Year gifts for 2019. Under the definition of “Sook Nakhon - Sustainable Happiness of Nakhon Si Thammarat People”, the products were given to all retailers, suppliers, and key stakeholders during the New Year season and important occasions as appropriate. The project generated Baht 4 million in direct income (excluding the production cost) for the communities. The items included rubber products, a signature of the southern region. It was shaped into a cushion with a cotton brocade cover from the Arts and Crafts Promotion Foundation under the Royal Patronage of HM Queen Sirikit. The rubber was also developed into “Uncle Suk” dolls, symbolizing the characteristics of southerners, who are kind and sharing people with a smile on their face. The Company promoted this doll when Central Nakhon Si

was inaugurated. Furthermore, the Company joined Ban Noen Thammang SUPPORT Arts and Crafts International Centre of Thailand, Krajoed Processing Group, and Ban Kuan Pom Krajoed Product Group, in making multi-purpose boxes from Krajoed reeds. It also worked with Bai Mai Ban Miri Wong Group (maker of tie-dye fabric naturally colored by leaves) and a garment factory in Chulabhorn Phatthana 2 Village in making tie-dye fabric that uses the natural colors of leaves and sewing it into neck pillows.

## 2) Education

The Company is determined to improve the quality of education, society’s foundation, by initiating the “Central’s Commitment to Education Development” and “CPN Young Thai Intellectual Cultivation” projects. They focus on developing two fundamental factors, namely hardware like buildings, classrooms, and learning materials, and software such as skills of students and teachers, depending on the suitability for each school. In 2019 the projects implemented tasks such as renovating school buildings, constructing a learning center, refurbishing laying hen houses, building a drinking water filtration place, creating a model classroom, and building a playground named “Active Playground for Nong (Nong means youth in Thai)” for seven schools in six provinces:

- Ban Chalong School, Phuket province
- Wat Yang Khwaen Ou School, Phitsanulok province
- Ban Thap Berk Ruam Chai School, Phetchabun province (ongoing project from 2018)
- Ban Ja Nu Border Patrol Police Learning Center, Chiang Rai province (ongoing project from 2018)
- Ban Pong Malaeng Wan School, Nakhon Ratchasima province
- Ban Fah Thai Ngam Border Patrol Police School, Chiang Rai province (under construction)
- Thanpuying Thawee Maneenut Border Patrol Police School, Tak Province (under construction).

Under the Central Tham project, Central Pattana, the Central Group, and the Ministry of Education jointly signed an MOU of the “Partnership School” project. This educational reform project offers freedom and flexibility in educational system administration and drives children for better future in the Thai educational system. It focuses on building life skills and professional skills. Moreover, it created a linkage between schools and vocational education so that the educational

institutes can produce high-quality personnel to meet the needs of the domestic and international labor market. The Company applied its understanding of the Sufficiency Economy principle to various school projects and fostered morality among children so that they may become decent members of society. It selected the 17 following schools and vocational institutes in 9 provinces to participate in the project:

- Ban Pong Malaeng Wan School, Nakhon Ratchasima province
- Ban Janu Border Patrol Police Learning Center and Ban Fah Thai Ngam Border Patrol Police School, Chiang Rai province
- Ban Thap Berk Ruam Chai School, Phetchabun province
- Thanpuying Thawee Maneenut Border Patrol Police School, Tak province
- Thairath Wittaya 29 School (Kathu) and Wat Mongkhon Wararam School, Phuket province
- Ban Dong Udom School, Ban Soi Prao School, Ban Nong



Saeng School, and Udon Thani Vocational College, Udon Thani province

- Ban Kaeng Sao School, Ban Tha Hai School (Hai Thong) and Ban Phon Muang Than School, Ubon Ratchathani province
- Ou Vocational College, Sara Buri province
- National Institute of Development Administration (NIDA) and the Yuwaphat Foundation, Bangkok.

### 3) Others

The efforts include provision of opportunities and social equality to the underprivileged. For instance, the Company, putting the disabled's benefit first, allocated designated areas without charge to them to sell government lotteries legally. In 2019, 46 participating disabled people in 21 projects enrolled, representing 1% of the total employees. Furthermore, the Company, together with the Central Group, continues the Central C.A.R.E for Disability project, which provides the disabled with financial support so that they may command professional knowledge. Moreover, it has employed 467 people to work for the Central Group's affiliates.

## Sustainability Performance: Responsibility and Community Development

Topic	2019 Performance	Plan for 2020
 <p>Sustainability indicator</p>	<ul style="list-style-type: none"> <li>Set the community engagement goal as a corporate KPI. The target for the employees' volunteering was 10,000 hours.</li> <li>In 2019 the Company's employees spent 18,040 hours participating in value-creating activities with the communities and volunteer activities, 80% higher than targeted.</li> </ul>	<ul style="list-style-type: none"> <li>To set the community engagement goal as a corporate KPI. The target for employees' volunteering is 30,000 hours.</li> </ul>
 <p>Responsibility and community development</p>	<ul style="list-style-type: none"> <li>Organized 828 marketing activities, 179 out of which were specifically for SME support, to become the Center of Life and the Center of Community.</li> <li>Offered government agencies and communities complimentary use of venues, the budget of which was equivalent to Baht 54 million. Provided manpower and budget to implement the Volunteer activity and the value-creation project with the communities, equivalent to Baht 5.2 million.</li> <li>Succeeded in creating a volunteering culture and values with the communities. The Company held 116 activities (excluding Central Green activities), accounting for 13,210 volunteer hours or 73% of the total volunteer hours in 2019.</li> <li>Together with the Central Group, provided Baht 57.1-million financial support for a social project called "Central Tham". For charitable causes, it donated to various foundations Baht 11.8 million, Baht 7.5 million of which was for educational development.</li> <li>Received no complaints about significant impacts on communities and the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Trial to integrate marketing activities for all (lifestyle and communities) to promote the Center of Community concept, at least pilot in one mall.</li> <li>To offer venues in an appropriate proportion free of charge to government agencies and communities.</li> <li>To study data collection and evaluate social results, returns to society, or shared values with society, which suit the organizational context.</li> </ul>

## 4. Environmental Resource Management <sup>13</sup>

Central Pattana announced climate and environmental management policy that covers energy, water, climate, the environment, biodiversity, and waste to achieve maximum benefit and efficiency systematically and sustainably. The Company has embraced such international standards as environmental management (ISO 14001), greenhouse gas management (ISO 14064-1), energy management (ISO 50001), and Leadership in Energy & Environmental Design (LEED),

as well as assessment criteria used for the Thailand Energy Awards under the Ministry of Energy and those used for the ASEAN Energy Awards. Central Pattana aims for efficient consumption of resources while increasing its consumption of alternative resources, such as solar energy and reused water. In parallel, the Company pays attention to the reduction of landfill and greenhouse gas (GHG) emissions.

### Management Approaches and Performance



### 4.1 Energy consumption and climate change management

Central Pattana has a policy that focuses on energy efficiency to minimize impacts on the environment and climate change. To pursue the policy, the Company increases its consumption of electricity derived from renewable sources while enhancing energy efficiency in the operations.

#### 1. Energy resource management

##### (1) Non-renewable sources

- Direct electricity supply from the Provincial Electricity Authority (PEA) and Metropolitan Electricity Authority (MEA) <sup>14</sup> During 2019, Central Pattana consumed a total of 988,868 MWh of electricity from PEA and MEA,

representing 99% of total energy consumption from non-renewable sources. The electricity supply was for the air-conditioning systems, lighting systems, and for normal operations at 33 shopping centers and seven office buildings.

- Energy supply used in engines from fuel for normal operations, i.e. lawn mowers, company vans, shuttle buses, and fire-drill equipment. Besides, The Company reserve fuel for emergencies, such as fueling power generators and the fire pump system.
- Energy supply from liquefied petroleum gas (LPG) <sup>15</sup> for used in food parks which managed by Central Pattana and in emergency response firefighting and evacuation fire drill training.

<sup>13</sup> The report covers of Central Pattana subsidiaries in Thailand only, excludes Grand Canal Land Public Company Limited (Gland).

<sup>14</sup> The Cost of electricity amounted to 89% of the total utility expenses or equals to Baht 3,545 million.

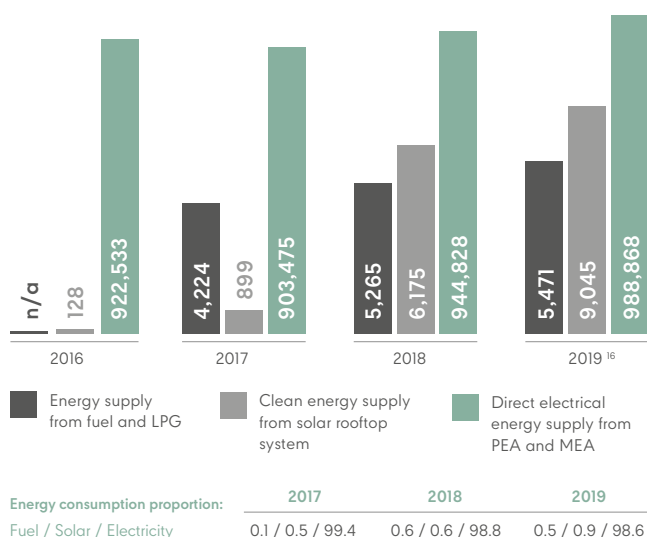
<sup>15</sup> Excludes LPG consumed by retail shops and tenants.

## (2) Renewable sources

Central Pattana currently has solar rooftop panels installed at 8 stores (exclude Central Chaengwattana's due to the termination of the equipment). In 2019, the total production of clean energy from solar panels is 9,045 MWh, which increased 46% from 2018. More solar panels were added at 4 sites, namely Central Westgate,

Central Chonburi, Central Salaya, and Central Nakhon Si. It is expected that solar power production will increase by 5,240 MWh by 2020. The Company, moreover, has a plan to install solar panels at four other sites and will conduct further studies on suitable types of solar panels for future projects.

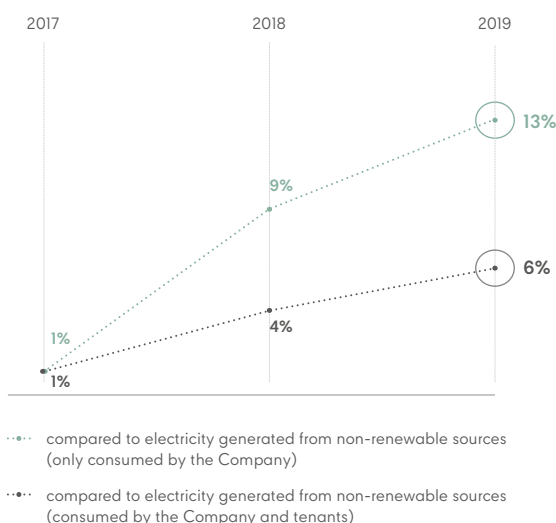
## Total energy consumption from non-and renewable sources (MWh)



Remark : The consumption in 2019 included the consumption of the Head office (three offices located at The Offices @ CentralWorld, the Pinklao Tower A and B which consumed 891 MWh in total.

## Percentage of solar power compared to electric power from PEA and MEA

(compared only installed sites and exclude centralwOrld's)



## 2. Energy efficiency management

(1) Electricity consumption involves electricity in common areas and for the air-conditioning systems which are directly controlled by Central Pattana. There is a policy on constantly increasing energy efficiency. In this regard, The Company has set the target to reduce electricity consumption per specific area by 20% by 2025 compared

to the base year of 2015 (only for the part consumed by the Company) and the target to reduce electricity consumption by 2% in 2019 compared to 2018. The Company has implemented various measures to reduce use and increase efficiency following the measures established to achieve these goals are:

<sup>16</sup> Electricity consumption of headquarters (consist of the office at The Offices @ CentralWorld, the office at Pinklao Tower A and Tower B and CPN Academy Training Center at the Jewelry Trade Center) amounted to 891 MWh.

- Measures for HVAC (Heating, Ventilation, and Air-Conditioning)
  - Use of high-efficiency chillers.
  - Installation of the Air-Conditioning control system at 19 shopping centers, for which energy saving can be realized by 2020.
  - Installation of a variable speed drive (VSD) onto the coolant pump at 1 project.
  - Use of high-efficiency condenser pump (CDP) and chilled water pump (CHP) at 5 projects.
  - Change the chiller plant at 1 project.
  - Installation of propellers made from fiber-reinforced plastic in cooling towers at 3 projects to enhance energy saving.
  - Installation of temperature and humidity sensors at 20 project sites to facilitate control of the semi-automatic air-conditioning system.
  - Use of ball-cleaning innovation in the cooling system.
  - Improvement of the work process to ensure the functioning of the air-conditioning system at different periods within each shopping center.
- Changing the lighting system in shopping centers by using LED bulbs.
- Development staff in energy conservation and knowledge management regarding the environment to drive staff's behavior changes through training and cultivating the value of conscious consumption of energy and the environment. The 11 courses, run by instructors from within and outside the organization, were attended by 518 employees (double counting), representing 10% of the total workforce. Employees are also encouraged to take part in the Energy Day and Dream Team Project, annually organized to increase energy efficiency.

- (2) Electricity consumption by retail shops and tenants – Central Pattana provides power supply and the cooling system and levies service charge per unit consumed to ensure that retail shops and tenants can efficiently manage their energy consumption. Moreover, the Company educates and imposes measures to encourage tenants to save energy. For example, tenants were encouraged to switch to using LED bulbs in their shop areas, for which 90% of the target was reached, and to join the annual Energy Day.

In 2019 Central Pattana consumed a total of 997,914 MWh of electricity (including clean electricity from solar power), comprising demand of 486,822 MWh from the Company and 511,092 MWh from tenants, representing 49% and 51% of the total electricity consumption.

Having imposed measures on electricity saving while increasing consumption of electricity from alternative sources, Central Pattana managed to reduce electricity consumption from non-renewable source in 2019 by 10,800 MWh (calculated only from the projects with normal full-year operation and plan for install efficiency measures). Meanwhile, Specific Electricity Consumption<sup>17</sup> per unit area (SEC) (only the consumption by the Company, excluding tenants) averaged 162 kWh per square meter. Considering only the projects with normal full-year operation, the SEC<sup>18</sup> showed 2.8% lower than that of 2018 due to the outdoor temperature in Thailand was higher than that in 2018 significantly<sup>19</sup>, reallocation to utilize space more efficiency and modification of the electricity charge calculation. However, when compared to base year (2015), the efficiency is better by 11.4%. While Energy intensity (electricity and other forms of energy) per specific area was 162.8 kWh per square meter.

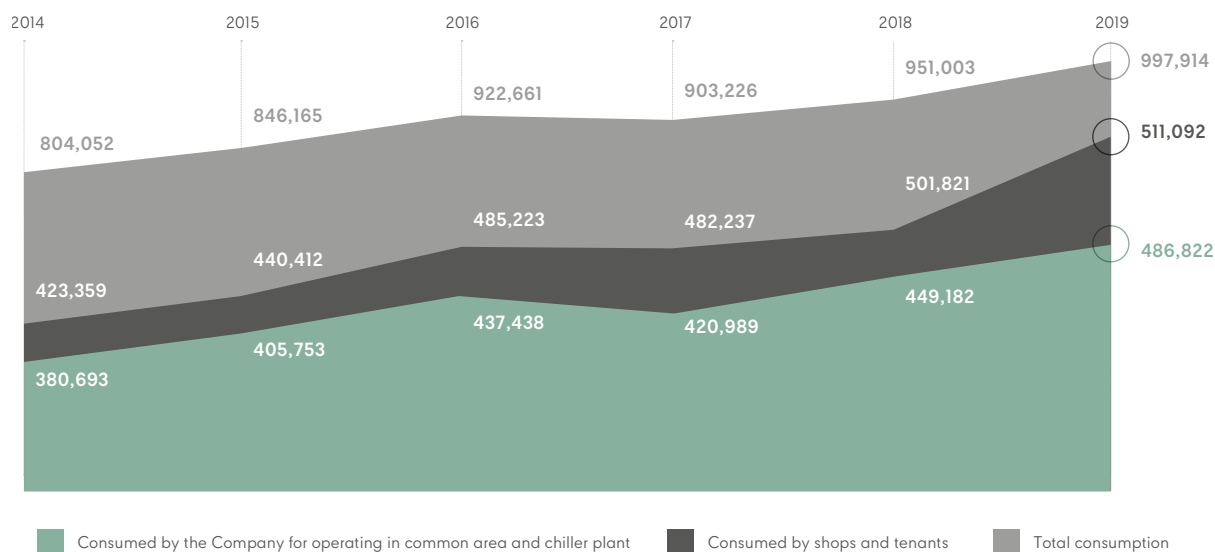
<sup>17</sup> Net leasable area plus common area

<sup>18</sup> Calculated only energy efficiency from non-renewable sources.

<sup>19</sup> Reference: The Thai Meteorological Department [www.tmd.go.th](http://www.tmd.go.th)

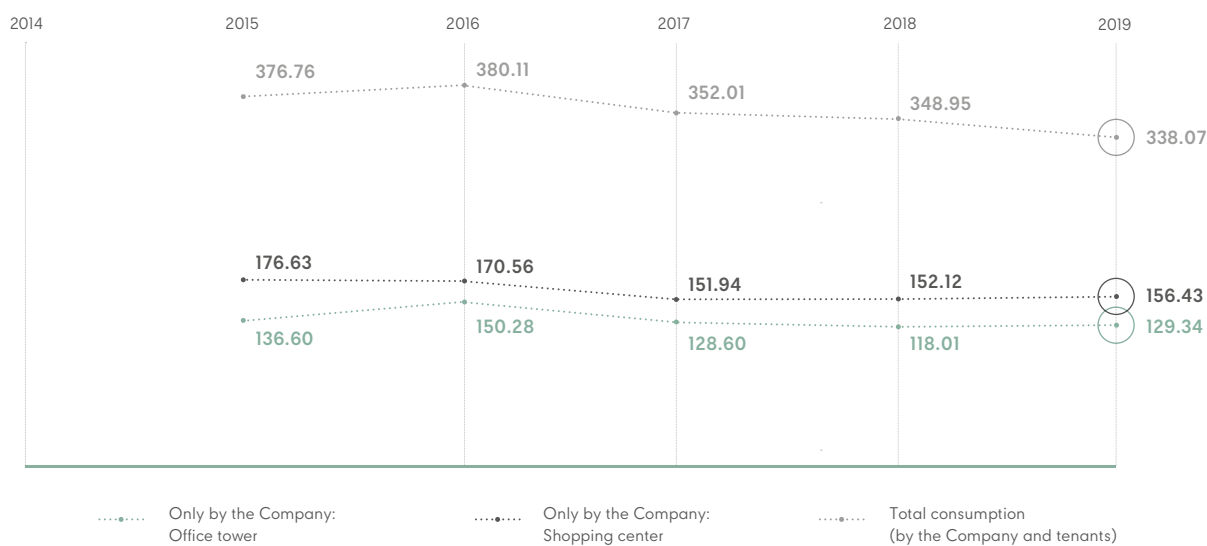


## Electricity consumption by activity (megawatt-hour)



\*Remark: The number of projects that are calculated during 2015-2019 is 29, 30, 32, 33, 34 respectively (including shopping centers and head quarter ,excluding hotel)

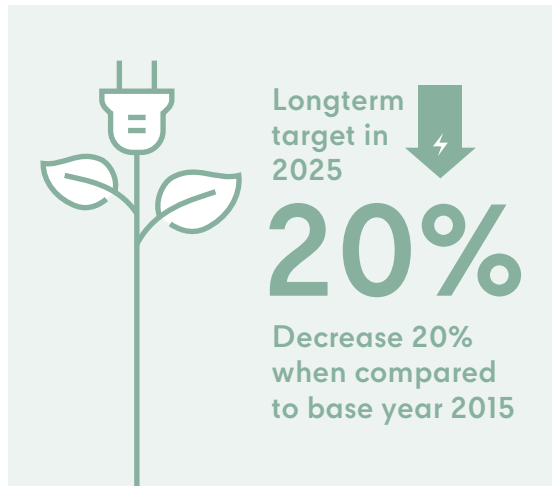
## Specific Electricity Consumption per unit area (SEC) (kilowatt-hour per square meter)



\*\*Remark: (1) Considers only projects with normal full-year operation and exclude consumption of head quarter. The number of projects that are calculated is 24, 28, 28, 30, and 30 during 2015-2019 respectively.

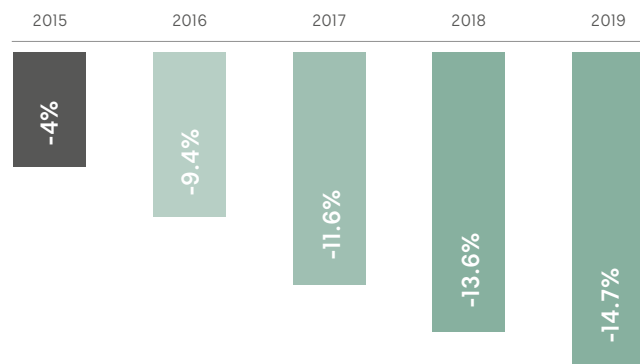
(2) The area used in the calculation is from the Net leasable area and common area according to global guideline.

In this regard, Central Pattana can reduce the usage of electricity from various measures during 2015–2019. The Company managed to reduce electricity consumption by 56,010 MWh (accumulative), reflecting reduced electricity consumption per specific area by 14.7%.



### Accumulative Electricity Reduction since Y2015 -Y2019 (%)

(only in controllable operation by the Company)



### 3. Climate change management

Central Pattana realizes the problem of climate change in accordance with United Nations Sustainable Development Goals (SDG 13 climate action). Guidelines on Carbon Footprint for Organization (CFO) or Corporate Carbon Footprint (CCF) have been applied to the report of GHGs emissions from the operations and the assessment of carbon footprints according to ISO 14064-1. In 2019 Central Pattana applied for certification of its carbon footprint data management, which covered 33 shopping centers in operation 2019, including The Offices at centralwOrld and headquarters. This is in line with the plan on making proper data compilation for the base year in keeping with the results of GHG emissions reduction under the plan to reduce both direct and indirect emissions per specific area by 20% by 2025 from the base year of 2015.

Central Pattana's operations that cause GHG emissions include:

- Direct GHG emissions caused by fuel combustion (Scope 1) – This includes gasoline, diesel, natural gas, as well as gas leakages from the operations, such as refrigerant, fire extinguishing agents, and methane from the wastewater treatment system.

- Indirect GHG emissions (Scope 2) caused by electricity purchase for use in the operations – This involves electricity consumption in common areas and by the air-conditioning system as described in “Energy efficiency management – (1) Electricity consumption by Central Pattana”.
- Other indirect GHG emissions (Scope 3) – GHGs in this category are caused by energy consumption in employee's travel, tap water consumption, and power consumption by retail shops as described in “Energy efficiency management – (2) Electricity consumption by retail shops and tenants”.

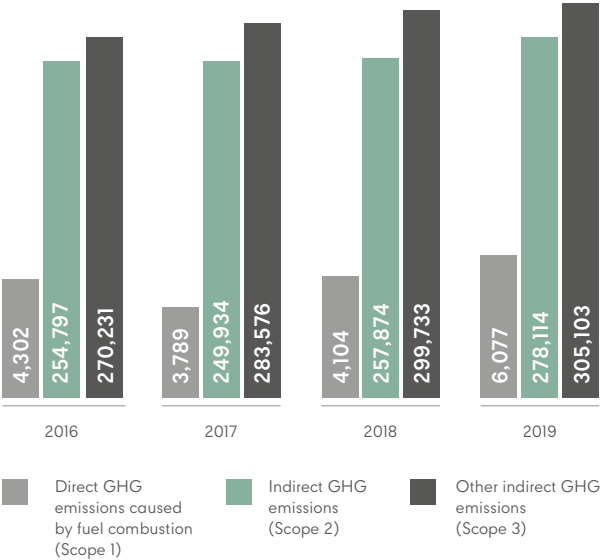
It was found after the assessment that the ratio of GHG emissions in Scope 1, Scope 2, and Scope 3 was 1 : 47 : 52, respectively. The highest ratio of GHG emissions in Scope 2 resulted in the Company to devise measures to reduce the GHG emissions by focusing on lowering dependence on electricity as prime energy, as can be seen in the report under the topic 1. Energy resource management and 2. Energy efficiency management.

Throughout 2019, the total volume of GHG emissions was found to increase by 5%, resulting from the full-year operation of Central Phuket Floresta and the renovated projects in Central Chiangrai and centralwOrld as well as the launch of Central Village. Central Pattana assessed the success in reducing GHG emissions by looking into GHG emission intensity, by both direct and indirect emissions (Scope 1 and

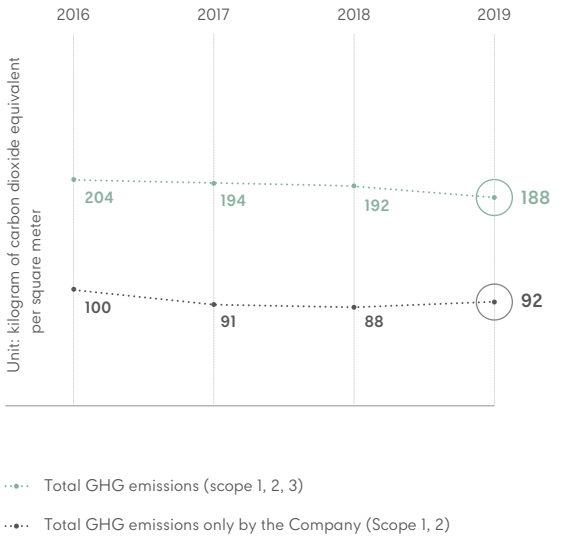
Scope 2), per specific area. The GHG emission intensity was 93.9 tons of carbon dioxide equivalent per specific area.<sup>20</sup> Considering the projects with normal full-year operation<sup>21</sup>, the GHG emission intensity was up 4% from 2018 due to higher indirect GHG emission (scope 2) from more consumption of electricity.

<sup>20</sup> Areas brought into calculation are net leasable areas plus common areas  
<sup>21</sup> Analysis excludes projects in operation for less than full calendar year and those with partial renovation. Stores brought into calculation number 28, 30, 30 during 2017-2019

Greenhouse Gas Emissions in Scope 1, Scope 2, and Scope 3 by Central Pattana\* (tons of carbon dioxide equivalent)



Specific GHG emission per unit area \*\* (Unit: kilogram of carbon dioxide equivalent per unit area)



\*,\*\* Remark : (1) GHG emissions consist of emissions from various activities in shopping centers, office buildings, and offices for rent. Direct emissions are calculated based on the method and guidelines of the Intergovernmental Panel on Climate Change 2006 (IPCC) and the guidelines for disclosure of Thailand Greenhouse Gas Management Organization (Public Organization) using the operation control method.  
(2) Projects incorporated into the calculation each year include the shopping centers launched within a particular year, office building, and headquarters. Shopping centers were 32, 34, 35, 36 projects in 2016, 2017, 2018, and 2019, respectively.  
(3) The former calculation method concerns only net leasable areas, whereas under the new method all leasable areas and common areas are combined.

## 4.2 Water and wastewater management

### 1. Water management

Central Pattana has grown its core business in Thailand, which lies in the Mekong and Chao Phraya river basins<sup>22</sup> and bears a medium-high risk level of water scarcity, 45<sup>th</sup> in the world. Findings from analyses into operational risks showed that both water scarcity and floods are risk factors that the Company should recognize. Projects on locations considered risky are those in the Northeast and in Bangkok and its periphery, where water scarcity and insufficient water supply caused by

seawater intrusion in the central plains could pose risks. Central Pattana, therefore, gets its operations prepared using the 3Rs principle: Reduce, Reuse, and Recycle. The Company plans to bring the recycled water into use in some areas where possible<sup>23</sup> is 100 % by 2025. It managed to increase the use of recycled water by 5% in 2019 compared to 2018. Measures laid down for water management in 2019 are:

#### 01. REDUCE

The 'Reduce' measure aims to reduce water used for urinal and toilet flushing by installing water-saving sanitary ware, adjusting pipe valves, and setting an automatic program, as well as reducing the tap's automatic shutoff time, resulting in 30% water saving. 'Reduce' includes the use of water-saving cleaning equipment and campaigning for water-saving among customers.

#### 02. REUSE

A water-recycling system has been installed at 15 projects. The recycled water is used for gardening, carpark floor cleaning, toilet flushing, among others, and in the air-conditioning system's cooling tower. The result was found initially effective, but the cooling tower later functioned less efficiently. It effects on higher energy consumption. Still, Central Pattana is finding ways to improve the use of recycled water for the cooling tower to increase the overall usage of recycled water.

#### 03. RECYCLE

The 'Reuse' measure is based on the thinking to seek water supply from sources other than public waterworks authorities. This includes the installation of rainwater tanks and installation of a pooled drainage system to bring condensed water from the cooling tower for reuse (only at project with the cooling tower system). The reused water is acceptable for gardening and floor cleaning, for example.

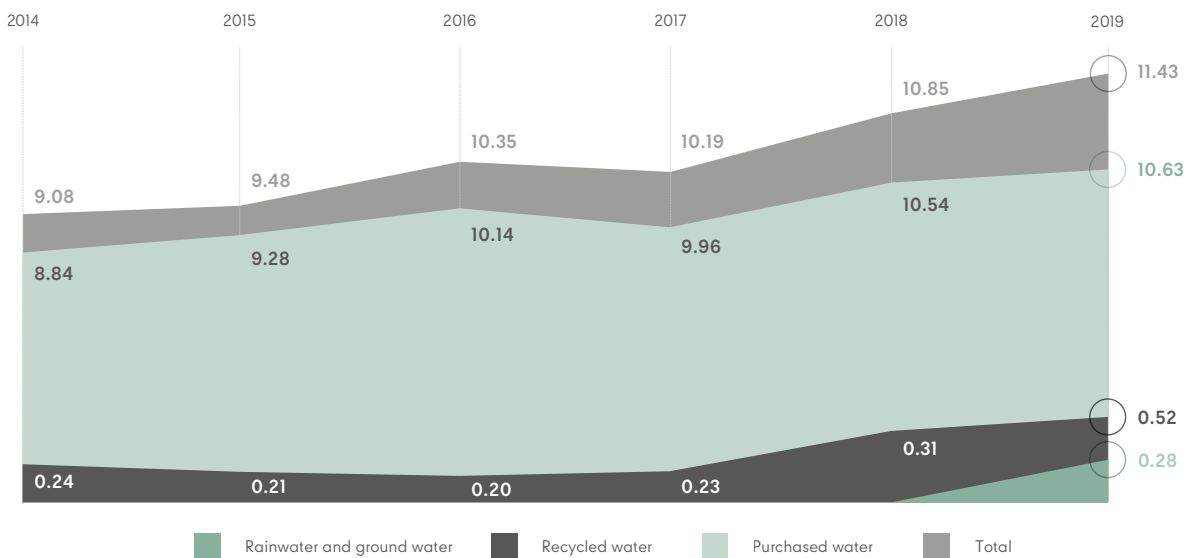
In the management of 33 shopping centers during 2019, Central Pattana consumed a total of 10.63 million cubic meters of water supply from the Metropolitan Waterworks Authority (MWA) and Provincial Waterworks units. Groundwater, totaling 0.28 million cubic meters, was used at five projects. A total of 0.52 million cubic meters of recycled water was made

usable, accounting for 5% of the total water consumption or equals to 63% of total possible activities that possible to use recycle water. The efficiency to use of tap water per unit area was found unchanged from 2018 (calculated from only the projects with full-year operations).

<sup>22</sup> GRI 303-1

<sup>23</sup> Such as for toilet flushing, gardening, and cleaning of outer areas

Total water consumption (million cubic meters)



Water consumption per unit area (Unit: cubic meters per unit area)



Remark: The efficiency of water consumption per unit area described above is different from the report in 2018. Due to the former calculation method concerns only net leasable areas, whereas under the new method all leasable areas and common areas are combined.

2. Wastewater management

To treat wastewater released from various activities in a shopping centers, Central Pattana has a measure in place to first direct it to a pretreatment system, which will take off large solid objects to prevent pipe blockade and damage to the water pump. The wastewater will then be sent to the wastewater treatment system, of which three methods are used:

- 1) Installation of an aerated wastewater treatment system using the sequencing batch reactor (SBR)
- 2) Installation of a deep-shaft air treatment system replacing the primary sedimentation tank and aeration tank
- 3) Directing wastewater through the pretreatment system, then to the local public wastewater treatment system.

Besides, Central Pattana has in place a regulation on the control of wastewater discharge. A water quality check will be run both before and after the wastewater gets through the treatment system and wastewater tank. There is an measuring, recording, and reporting process before the wastewater is released to public water sources. The Company works with a third party certified with ISO/IEC 17025 on wastewater quality inspection by looking into such values as biochemical oxygen demand (BOD), suspended solids (SS), dissolved solids (TDS), pH, and grease and oil

on a monthly basis. The efforts also cover maintenance of wastewater treatment equipment, including piping, grease trap, wastewater pump, water treatment tank, and aerator, under the preventive maintenance plan of the unit responsible for the sanitation system at each branch. At shopping centers already installed with a water-recycling system, wastewater will be sent through the system and will be brought to use as appropriate. But for those without a wastewater-recycling system, Central Pattana would impose controls to ensure acceptable wastewater quality before releasing it from the premises to public water resources. Wastewater is to be regularly checked for its specifications by a committee in charge of the environment at each site. The committee will work on problem-solving and improvement of wastewater quality to strictly meet legal requirements and other obligations.



### 4.3 Garbage and waste management

Central Pattana has devised a more serious and more concrete plan on garbage and waste management to minimize impacts on the environment according to the ISO 14001 standards and the Company's policies on the society, communities, and the environment. The plan involves processes and methods on waste separation and disposal. The Company has set a target to reduce waste to landfill by at least 2% by 2019



Target to reduce  
waste to landfill  
**2%**  
by 2019

In 2019 Central Pattana and Central Group announced a policy on waste segregation. The target was set to be reduced waste to zero under the "Journey to Zero" project and the Circular Economy. To this end, garbage is to be recycled for maximum benefit. The Company encourages waste segregation and waste management from its inception to disposal. There are three methods of dealing with garbage, namely waste segregation, plastic waste reduction, and food waste reduction. Additionally, three groups of stakeholders - customers, tenants, and employee - are targeted for waste segregation. Plan implementation appropriate for each target group was set to ensure effectiveness. Collaboration with various organizations is to be established to jointly drive the effort on waste management throughout the chain.

	Garbage segregation	Plastic waste reduction	Food waste reduction
Customer	Providing garbage bins for waste segregation while establishing communication to create proper understanding of waste segregation	Encouraging plastic waste reduction through marketing campaigns	
Tenant	Segregation into three types of waste, namely food waste, vegetable and fruit waste, and recyclable waste	Encouraging participation in 'Journey to Zero' and making use of recycled waste after segregation follow to the Circular economy model	
Employee	Providing garbage bins for waste segregation in 7 types under Zero Hero Project		Turning food waste into composted fertilizer
Community	Providing garbage bins and communicating for waste segregation to create proper understanding of waste segregation	Giving support for waste segregation and waste-recycling operators in communities	

#### 1. Action plan for customers

One of the tools Central Pattana has been using to promote garbage segregation among shoppers from the very beginning is to make available three garbage bins for general waste, recyclable waste, and dangerous waste. There are currently 148 garbage bins provided at shopping centers managed by Central Pattana. Under the Journey to Zero project and the target to reduce or recycle plastic waste, the Company in 2019 tried the following approaches:

- Provide a new set of garbage bins, comprising ones for

separating water, plastic waste, and general waste, at pilot sites, namely Central Bangna and Central Eastville

- Provide garbage bins only for plastic waste around Central Grand Rama 9 under the "Care the Whale" project<sup>24</sup> in a collaboration with the Stock Exchange of Thailand (SET) and business allies located on Ratchadaphisek Road to get rid of garbage
- Provide ReFun Machine, a machine that particularly collects PET bottles for recycling to boost awareness of

<sup>24</sup> More information can be obtained from <http://setsocialimpact.com/Article/Detail/77229>



plastic waste recycling. For every PET bottle put into the ReFun Machine, the owner will be given point collection, which can be redeemed for a gift or a discount coupon for use at retail shops under the Central Group. Two ReFun Machines have been installed at centralwOrld and The Offices at centralwOrld. In 2019, a total of 905 kilograms of PET bottles or equals to 54,300 bottles have so far been collected.

- Provide e-waste bins at seven stores in Bangkok to collect electronic waste like mobile phones, batteries, and gadgets. This is a cooperation with Advanced Info Service Plc. (AIS) to ensure that electronic waste will be properly disposed of at electronic waste-recycling sites. A total of 2,313 pieces of electronic waste have been collected, representing a reduction of 29 tons of carbon dioxide equivalent<sup>25</sup>.
- Impose a measure against the use of foam boxes in all food parks and take-home food zones under the management of Central Pattana.
- Campaign for reducing and banning the use of plastic bags through the "Say No to Plastics" project on every fourth day of the month at Tops Supermarkets and Central Food Halls. The campaign includes reduction of the use of disposable plastic bags. A total of 300 million plastic bags have been reduced throughout 2019, which represents a reduction of GHG emissions by 899.8 tons carbon dioxide equivalent.
- Campaign for reducing the use of single-use plastic cups. Under a collaboration with Trip Advisor, Wongnai, a mobile application on restaurant review and recommendation, and 70 coffee shops at centralwOrld, the World of Café Society campaign<sup>26</sup> encourages customers to bring their own cups to buy drinks at participating coffee shops. Customers were given discounts and some privileges during the three-month promotional period of the campaign in 2019.

## 2. Action plan for tenants

Findings of a study on types of waste in shopping malls by an outside expert showed that over 45% of the total waste is wet food, which is difficult to make any further use due to high costs. Recyclable waste accounts for 16% of the total waste. Most of the food waste comes from tenants in the shopping center. Central Pattana, therefore, realizes the need to encourage tenants to segregate waste at the sources

with a proper method before disposal at the Company's waste collecting point. This will simplify waste transport and recycling. In 2019 Central Pattana and the Central Group piloted the Journey to Zero project with retail shops and subsidiaries under the Central Group at two shopping centers, namely Central Bangna and Central EastVille. The Company also signed a memorandum of cooperation dubbed 'Campaign for waste separation and recycling project phase 1 or Journey to Zero X Coke Collects' with Coca-Cola Thailand and G.E.P.P. Sa-ard Co., Ltd., as well as five waste recycling plants<sup>27</sup> to promote segregation of recyclable waste at source systematically. Recyclable waste can be remade for reuse. The project is systematically monitored and assessed for its ability to drive for cooperation to achieve sustainable waste segregation. The project's result during June – December 2019 showed that a total of eight tons of PET bottles, aluminum cans, and glass bottles were collected from 16 participating shops. Moreover, Central Pattana has joined the Bangkok Metropolitan Administration (BMA) as well as Bang Na and Lat Phrao district offices in encouraging 45 restaurants and supermarkets to take part in waste segregation to sort vegetable and fruit waste that is not soaked with water or contaminated with other types of garbage for composting to make organic fertilizer. A total of 142 tons of such food waste have been composted, equivalent to 7% of the total waste during the project's pilot operation.

Also, Central Pattana and the Central Group have joined the Scholar of Substance (SOS) Foundation. In separating food waste which is still found in good quality and safe for donating to underprivileged children under the care of the House of Blessing Foundation and the Rachawadee Home for Persons with Disabilities Protection and Development. The food waste was turned into over 226,426 meals, representing reduction of 54 tons of food waste and represents a reduction of GHG emissions by 32 tons of carbon dioxide equivalent. The data is also used for analysis into improvement of the production process to reduce food waste.

<sup>25</sup> More information can be obtained from <https://ewastethailand.com/en/home-en/>

<sup>26</sup> More information can be obtained from <https://www.centralworld.co.th/yourcupyourworld/>

<sup>27</sup> Such as Thai Beverage Can Co., Ltd., Wasterial Co., Ltd, SCG Plastics Co., Ltd., BG Container Glass Plc., and Indorama Ventures Plc.

### 3. Action plan for employee

Central Pattana has established a Journey to Zero working committee to drive the organization's waste management tangibly and effectively. This move is in line with garbage separation under the Journey to Zero project run by the Central Group. Activities organized in this aspect during 2019 included:

- Campaign for waste separation at sources in the office through the Zero Hero project. The endeavor was piloted at parts of the headquarters during the first half of the year and was later on expanded to all parts of the headquarters, at The Offices at centralwOrld. The campaign is divided into two parts, i.e. removal of staff's personal desk bins and replacing them with seven bins of seven colors for garbage separation:
    - General waste : dark blue bin
    - Plastic waste : Yellow - pink bin
    - Paper waste : yellow - light green bin
    - Glass and metallic waste : yellow - purple bin
    - Hazardous waste : orange bin
    - Organic waste : dark green bin
    - Leftover water : light blue bin
- These bins are placed at suitable points. Wherever inconvenient, only four bins will be provided for general waste, recyclable plastic waste, recyclable paper waste, and recyclable glass and metal waste, and hazardous waste. Besides, a bin for organic waste is placed at staff's canteen. A total of 4.2 tons of waste was sorted properly, equivalent to 45% of the total waste.
- Campaign for less consumption of single-use plastics by developing the CPN Zero Hero platform to foster awareness among staff to reduce disposable plastic

containers, such as coffee cups, plastic bottles, plastic cutlery, foam or plastic boxes, plastic straws, and plastic bags. Staff are encouraged to log on to report every time they deny the use of such plastic items. As of Quarter 4 of 2019 (on October 10), a total of 348 employees have participated in project, collectively making a reduction of 152.75 kilograms of such plastic items. This resulted in a reduction of GHG emissions of 228 tons of carbon dioxide equivalent.

- Encourage staff to improve their work processes toward using more electronic documents and less paper in the office. The campaign aims to reduce the use of paper by at least 20% over 2018. Throughout 2019, paper consumption was reduced by 10%, representing a reduction of GHG emissions by 13.7 kilogram of carbon dioxide equivalent.
- Participate in the Shred2Share program with TBSP Plc. for the 11<sup>th</sup> year. Paper waste in the office, totalling 15.68 tons, was sorted for safe disposal, representing a reduction of GHG emissions by 4.1 tons of carbon dioxide equivalent. Throughout the 11 years of participation in the program, a total of 30,619 tons of paper waste was recycled, representing reduction of GHG emissions by 7,961 tons of carbon dioxide equivalent.

### 4. Action plan for communities

Central Pattana encourages garbage separation and sorting in communities, nurturing awareness of recyclable waste among students, who are taught to throw away their garbage properly. Under the 'CPN Growing Thai Wisdom' project, three types of garbage bin for general waste, recyclable waste, and organic waste have been placed at 14 schools and communities. In addition to promoting the use of proper garbage bins, Central Pattana organized activities that gradually teach children the benefit of garbage separation. One of the activities was Zero Baht Bank – a campaign to encourage garbage collection and separation. Garbage collected can be redeemed for sweets, souvenirs, or daily-use items. Another activity was garbage separation learning with CPN volunteers, under which children are taught that waste can be turned into a new and usable item, such as turning a t-shirt into a cloth bag. Central Pattana, moreover, encourages community entrepreneurs to take part in proper garbage separation, from garbage separation to garbage recycling. The campaign encompasses 1) encouraging



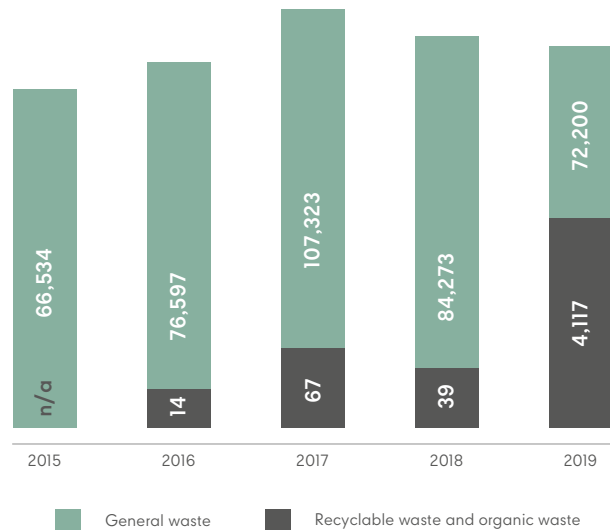
street-food stallholders around each shopping mall to properly treat their organic waste by installing a simple grease tap for them, 2) encouraging employment of subcontractors to help sort garbage in the shopping center prior to landfill. Recyclable waste can generate income for them while organic waste can be beneficial to farmers, 3) giving support to communities interested in turning organic waste into the EM solution. Support is given to start-ups who tried to use food waste in running a black soldier fly farm, and 4) holding community volunteer activities that motivate people to join garbage collection and community cleaning, such as beach cleaning, canal dredging, and cycling or running for garbage collection.

In 2109 the 33 shopping centers produced a total of 72,200 tons of waste, which was sent through the waste management process prior to landfill. Central Pattana has changed its data collection method on waste collection to support its request for waste management report certification. The endeavor resulted in better compilation of data on recycled waste. Additional measures to reduce and correctly separate waste were launched throughout the year, which brought about 4,117 tons of waste that got through the waste segregation project. The project helped reduce the amount of waste intended for landfill by 6% of total generated waste. Of the total volume, 1,988 tons was recyclable waste and 2,129 tons organic waste. As for hazardous waste, which represents at 0.02% of total generated waste, the Company used contractors from both public and private sectors to properly manage it. Regarding contaminated waste produced from beauty clinics, tenants are responsible for arrangement with contractors to collect such waste.

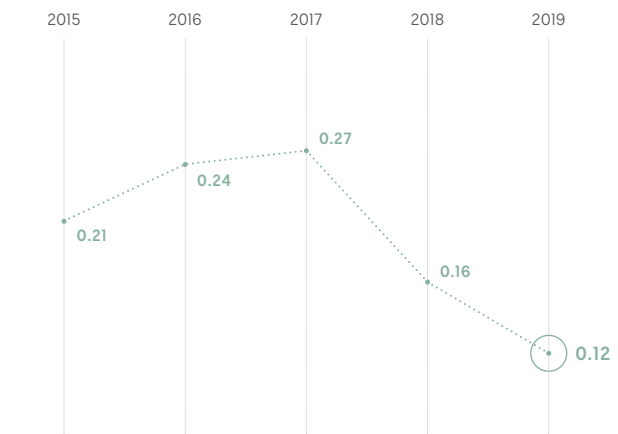


The waste  
was segregated  
properly  
**4,117**  
tons by 2019

### Garbage volume in shopping centers managed by the Company (unit: tons)



### Waste to landfill per customers visit (unit: kilogram per head per year)



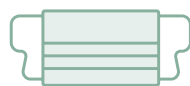
## 4.4 Air quality management

Central Pattana keeps the air quality in the shopping centers up to standard to minimize impacts on customers' health. It implements measures to gauge the quality of air and acute toxic gases, such as carbon dioxide and carbon monoxide, in semi-closed parking spaces. Moreover, it installed a Fresh Air system and carbon dioxide detectors across different locations in the shopping centers to automatically refill clean air. The Company will shut the system down if outdoor air quality does not meet the standard.

In 2019, the Company took steps to handle PM 2.5, whose concentration has increased in many areas in Thailand and might affect people's health since this dust particle was classified as Group 1 carcinogen by the World Health Organization (WHO). To cope with this issue and increase customers' confidence, Central Pattana implemented the following:

- Conducted air quality surveys by measuring PM 2.5 and installing filters in the Fresh Air system.
- Installed 15 air quality monitoring devices in 14 projects located in the risk areas.
- Turned off the Fresh Air system when the PM 2.5 level in indoor air exceeded the standard value.
- Sprayed water on schedule to comply with the policy and cooperate with district offices in Bangkok and municipalities.
- Refrained from burning incenses and others which caused toxic dust in the projects with a shrine or Buddha image at the front.
- Asked for driving customers' cooperation to avoid keeping engines on in parking lots and had the security guards monitor the areas.
- Gave away N95 face masks to 950,000 customers, stores, employees, and surrounding communities.
- Had Central Pattana's and messengers' vehicles inspected to make sure that they were in good condition and did not emit pollutants as well as encouraging employees to do the same.
- Campaigned for conference calls or VDO conferences instead of in-person meetings.
- Promoted the reduced use of paper to decrease messengers' trips.

- Used dust collectors during construction to remove the released dust and safeguard the health of project workers and contractors.



Gave away N95 face masks

**950,000**

pieces

## 4.5 Green building management

The Company applied Green Building guidelines to the design and development of shopping malls by adopting the evaluation criteria of the Thailand Energy Award of the Ministry of Energy and the ASEAN Energy Awards. The criteria comprise perspectives on green building management, such as efficient energy management, greenhouse gas (GHG) reduction, pollution reduction, waste management, green building innovation, the use of non-toxic materials, and the concept of renewability and sustainability. In 2019 the Company won these Thailand Energy Awards:

- Excellent Energy Conservation Award under the Designated Building Category: Central Lampang, Central Pinklao, and Central Chiangmai Airport.
- Excellent Energy Conservation Award under the EE Creative Building - New and Existing Building Category: Central Rayong.

To date, 24 projects have earned these awards, representing 73% of the total operating projects.



**Earned Thailand  
Energy Award**  
**24**  
projects

**Representing  
73%**  
of the total  
operating projects

For 2018-2019, the renovation project of the foodwOrld food court applied for the USGBC LEED Certificate (U.S. Green Building Council, Leadership in Energy & Environmental Design). foodwOrld, covering more than 2,000 sqm. on the seventh floor of centralwOrld, aimed to meet lifestyles of the younger generation, take part in creating a livable society, and sustainably save the world and the environment. With a focus on efficient water and energy consumption and GHG reduction, foodwOrld is Asia's first LEED-certified under the category of Commercial Interior Retail - Restaurant/Cafeteria.



In applying for the certificate, Central Pattana adopted green technologies. It paid attention to customers' quality of life to make sure that they are in a suitable environment while using the service in the shopping malls. It also fostered a sense of social and environmental responsibility among the retailers in foodwOrld. With the new system installed, it aimed to lower the power consumption of the lighting system by at least 44% and water consumption by 48%. The implemented measures include:

- Used a highly efficient cooling system which adjusts motor speeds automatically and installed a system to measure the energy of chilled water.
- Used all LEDs and installed an automatic lighting system.
- Installed all Energy Star-certified electrical appliances.
- Installed water-saving sanitaryware and electrical appliances with water-saving rates that meet Energy Star standards.
- Installed a new, integrated Fresh Air system which included a sensor system to automatically bring in fresh air from outdoors.
- Used environmentally friendly equipment with low volatile organic compounds (VOCs), did not contain urea

formaldehyde, was certified for indoor air quality, and used local materials with recycled components.

One of the plans that drove Central Pattana toward the goal of turning its buildings into green buildings is to develop green buildings that fit its context or meet environmental sustainability standards. In 2019 it adopted the standard guidelines of LEED, Thailand Energy Award, and ASEAN Energy Award, and adjusted the criteria to suit its context. It also announced environmental sustainability awards to the shopping centers whose operations meet the specified criteria, comprising GHG reduction, efficient consumption of water and electricity, waste management, participation, and energy and environmental innovation. In 2019 it was the first year the award given to shopping centers. Central Rayong won this award.



### Central Rayong and Sustainable Environmental Management

Central Rayong, the Company's 21st shopping mall, was launched in 2015. This large, modern shopping mall in Rayong province serves as Thailand's largest hub that drives the national economy and industries.

#### Design, architecture and selection of construction materials

As the province's landmark, Central Rayong drew inspiration from distinctive local arts and literature of world-renowned poet Sunthorn Phu to tell the story of Rayong. The building was designed to conserve energy and the environment. The northern entrance, exposed to sunlight heat, used fewer glass panels than other entrances to project the beautiful, luxurious appearance. Fewer panels also reduced the indoor heat load and the electricity consumption of air conditioning systems. For the building envelope, it selected materials that prevent solar heat, such as 10-mm. laminated Low-E glass, lightweight bricks (Class G2), aluminum foil-coated fiber glass insulation, precast concrete walls, and decorating materials that not only provided shading but

also enhanced an exquisite look. The modern interior appropriately used skylight to bring in natural light, together with LED lights inside the shopping mall. Central Rayong also benefited from the shades of existing and new perennial trees, along with climbers and herbaceous plants that covered surrounding areas. They reduced the heat around the building, thus creating a refreshing and relaxing atmosphere.

#### Electricity management

Central Rayong adopted a centralized water-cooled system with low flow – low temperature to save the costs of equipment and system installation. Furthermore, it sufficiently installed an air-conditioning system and highly efficient chillers, available as backups that can operate based on the actual load for each period. The shopping center was also equipped with an innovative ball cleaning system, which cleans sludge and prevents fouling in condenser tubes. It selected chilled water pumps and coolant pumps with more than 75% efficiency, together with highly efficient motors and automatic variable speed drives (VSDs). As for energy management, Central Rayong introduced a Building Automation System



(BAS) to control ventilation in air-conditioned areas. This included the control and command of the indoor lighting system. For overall energy management, the shopping mall successfully controlled the chiller plant's competency value at an excellent level in compliance with the ASHRAE standard. The competency value of the entire chiller system was 0.66 kW/TR on average.

For the lighting system, the entire shopping center, including common areas, parking lots and surrounding areas, installed energy-efficient LEDs. It also encouraged tenants to change to LEDs to save overall energy consumption and their expenses. This project had 97% of the tenants on board.

Using renewable energy, Central Rayong installed a 998.4-kWp solar system on its rooftop in 2018. In 2019 it generated 1,441,351 kWh of electricity for internal use.



#### Water resources management

Central Rayong installed a Sequencing Batch Reactor (SBR) system. Test results of treated wastewater passed the wastewater quality standard announced by the Ministry of Natural Resources and Environment (Standard setting to control drainage from certain types and sizes of buildings). Furthermore, an ultrafiltration (UF) system was installed in 2018 to reuse treated water. In 2019 Central Rayong reused water in activities where possible, such as watering plants and cleaning the parking lots and toilet bowls. To expand the use, it filled the cooling system of the air conditioner with 93,270 cubic meters of treated water, representing 68.75% of the total water consumption in the project.



#### Waste management

Central Rayong encouraged key stakeholders such as employees, customers, tenants, and communities to reduce their use of plastics and segregate general waste, recyclable waste, and food scrap. By separating the trash, the shopping center recycled as much as possible waste before properly transporting the rest to landfill. In 2019 it segregated 23 tons of recyclable waste, such as plastic bottles, paper crates and foam boxes, and 192 tons of organic scrap like fruit, vegetables and food was processed into organic fertilizer and fermented bio-extracts (EMs). Therefore, Central Rayong reduced 13% of the total waste that would have been sent to landfill. Moreover, the Company implemented waste management projects with the community. First, a volunteer project for environmental development in Choeng Noen Municipality sorted and reduced waste transported to landfill. In collaboration with Rayong Municipality, the shopping center initiated an integrated marine waste management project. Furthermore, it held a project to separate, clean, and donate used plastic straws to turn them into pillows for bed-ridden patients. Central Pattana also carried out a "Zero Hero" project to encourage employees to use less single-use plastics. It also invited employees to have lunch together and bring their own utensils, cutlery, and glasses.

#### Indoor air quality management

Central Rayong provides a separate parking area from the main building to efficiently prevent engine exhaust from being emitted into its air-conditioned areas. It also measures indoor air quality by regularly monitoring carbon monoxide, PM 10, and PM 2.5. Additionally, the shopping center selected R-134a to avoid ozone depletion and reduce global warming directly.



#### Green building management

In 2019 Central Rayong won the SD Environmental Award, presented internally to Central Pattana's shopping centers with excellent environmental management. The consideration criteria comprised 1) GHG reduction, 2) electricity consumption, 3) energy-saving innovation, 4) water management, 5) waste management and

6) employee involvement. Moreover, Central Rayong earned an Excellent Energy Conservation Award under the EE Creative Building - New and Existing Building Category and the Thailand Energy Award of the Ministry of Energy. It also won an ASEAN Energy Award and an ASEAN Best Practices Award for Energy-Efficient Buildings in the category of New and Existing Buildings in 2019.

## 4.6 Ecology and biodiversity management

Valuing the quality of life of humans, plants and animals that coexist in the ecosystem, the Company established a policy on ecology and biodiversity management<sup>28</sup>, which clearly states that it will never develop any projects in restricted or conservation areas. It also complies with the practices that require the Company to explore and study the ecosystem with external experts and preserve the ecology of every new and renovation project. As a result, all areas under Central Pattana's development are located outside restricted or conservation areas. The Company focuses on promoting the local people's quality of life by bringing nature closer to them. It also helps them recognize the value of saving and keeping the environment with communities and society. As a result, it designs landscapes to best harmonize with the city and the original ecosystem. It also increased green areas by planting trees both inside and outside the project. If it is unavoidable to uproot trees, the Company will move them to another nearby project and grow native plants around the project to create a sense of harmony.

In 2019 the Company constructed a new project, Central Village, near Suvarnabhumi Airport. At first the project was located on lowlands. However, landfilling on such a vast plot of land would affect the existing trees, including the original

conditions and surrounding areas. Central Pattana therefore chose to lift the walkway, planter boxes and the entire building on a pillar structure above the ground to keep the large trees on their original land. Then the project selected local trees such as Java Cassia, Anan, White Cheesewood, Indian Oak and Pong Pong, which match Thai architecture featuring modern-style gables. A total of 255 perennials were grouped and planted in different villages to provide shades on a designated green area of 4,278.50 sqm. This implementation followed the project's concept to create an outdoor area with green space for everyone, tourists and customers. For the building's height, it met the standard stipulated by aviation law. For lighting, the project carefully designed lights so that light would not flash up in the sky, disturbing flying planes.

Planning to increase green space, the Company aimed to plant 10,100 trees on the auspicious occasion of HM King Maha Vajiralongkorn's coronation. From July to December 2019, Central Pattana, in collaboration with Bangkok Metropolitan Administration, planted 3,698 trees in four public parks near its shopping centers, namely Wachirabenchatas Park, Watcharapirom Park, Chaloem Phrakiat 80 Phansa Park, and Lumpini Park. Furthermore, it planted 110 Yellow Star trees along Chaloem Phrakiat Road, Srinakarin, and gave away a million sprouts/saplings with auspicious names in the "A Million Sprouts for You" activity between December 2 and 5, 2019, at nine projects across Bangkok.

<sup>28</sup> Further details in <https://www.cpn.co.th/en/sustainability/sustainability-strategy/enhancing-environment>

## 4.7 Development and preservation of environment with communities

Central Pattana is committed to reducing impacts on communities, especially environmental ones. From the construction to the operation phase of a given project, it lessens the effects of dust, noise and waste. Together with the communities that share public drainage locations, it can reduce water pollution and manage waste issues. Moreover, the Company joined Central Group in holding the “Central Group Loves the Earth” campaign to preserve the environment. It focused on communities’ participation in taking care of public water sources, reducing waste, and increasing green areas. Central Pattana analyzed the problems and sought a way to participate with the communities and solve waste water, undrained water, and flooding. It found that canals or streams in surrounding areas of shopping centers mostly faced challenges of waste water and undrained water. Therefore, the Company took a corrective measure under the “Central Green” project by dredging canals, growing plants to absorb toxins along the canals, installing turbines to oxygenate the water, and increasing green areas near the canals. In 2019 the Company held 18 Central Green activities in surrounding areas and five CPN volunteer activities to protect the environment, such as collecting beach garbage, reforestation, and releasing aquatic animals, representing 17% of total CPN volunteer activities held in 2019. The activities featured 1,250 participating employees and accounted for 34% of all volunteer hours.

Another environmental development project jointly implemented with communities is CPN Young Thai Intellectual Cultivation, which fostered environmental conscience among children in Ban Chalong School, Phuket province, as well as Wat Yang Khwaen Ou School and Wat Khui Yang School, Phitsanulok province, together with local adults. It instilled the idea of recycling and waste segregation to increase income for families. The students grew organic garden vegetables at the schools for internal consumption, practicing sorting garbage daily in different types of garbage bins placed around the schools.

Also, the Company leverages the role and space of “community centers” to raise environmental awareness among communities and society, such as offering communication channels in shopping centers to promote the efficient use of resources as well as holding campaigns and parades. One of the many activities the Company has joined for 11 consecutive years is the “60+ Earth Hour”. The Company, in collaboration with Bangkok Metropolitan Administration, the Foundation for Environmental Education for Sustainable Development (Thailand) (FEED), World Wildlife Fund (WWF), as well as public and private agencies, organized this activity to turn off lights nationwide for an hour to reduce global warming. Central Pattana turned off the lights of its logo and light bulbs around shopping centers as well as some light bulbs in parking areas. It also reduced the capacities of chillers and air handling units (AHUs) as appropriate. Furthermore, it invited partners and tenants to participate in this activity. The implementation in 33 shopping centers and The Offices at centralwOrld saved 16,370 kW of energy, 10.5% more than in 2018.

## Sustainability Performance: Environmental Resource Management

Topic	2019 Performance	Plan for 2020
 <p>Sustainability indicator</p>	<ul style="list-style-type: none"> <li>Recognized 'power consumption' as a sustainability indicator at the corporate level by setting a target for reducing it by 2% from the 2018 level</li> <li>Reduced power consumption by 1.1% from the 2018 level but below targeted (excluding consumption by retail shops)</li> </ul>	<ul style="list-style-type: none"> <li>Set a target for reducing power consumption per specific area by 20% by 2025 from the base year (2015)</li> <li>Set a target for reducing consumption of electricity supplied by power producers by 2% from the 2019 level</li> </ul>
 <p>Management</p>	<ul style="list-style-type: none"> <li>Certified for 100% achievement of Carbon Footprint for Organization assessment, comprising 33 shopping centers, The Offices at centralwOrld building, and Headquarters</li> <li>Installed energy saving measures at 21 shopping centers, reducing power consumption by the Company by 10,800 MWh and resulting in accumulative reduction of power consumption from 2015 by 56,010 MWh</li> <li>Installed solar rooftop panels at four additional projects, bringing the total number of shopping malls with such panels to 8 with 9,045 MWh of electricity produced</li> <li>Installed a water-recycling system, operated as a concession, at 6 sites, enabling usage of reused water to 5% of the total water consumption</li> <li>Initiated the Journey to Zero project to encourage waste segregation at sources, causing landfill to drop 4,117 tons or 5% of the total landfill, higher than target 150%</li> <li>foodwOrld on the seventh floor of centralwOrld was certified for Leadership in Energy and Environmental Design (LEED) standards, platinum level</li> <li>Applied for ISO 14001 for two additional sites as planned</li> <li>Made assessment on sustainability (environmental, social, and governance aspects) with 4,199 business partners and contractors</li> <li>Made no trespassing into reserved or restricted areas without permission of landowners or where it is considered illegal</li> <li>No non-compliance with best practices on environmental management or significant leakages reported</li> </ul>	<ul style="list-style-type: none"> <li>Expand the scope of application for Carbon Footprint for Organization assessment (Scope 3)</li> <li>Install solar rooftop panels at four more shopping centres</li> <li>Adopt SDG7 as guidelines for designing a long-term goal on using clean energy</li> <li>Set a target for bringing wastewater into reuse by 5% of the total water consumption and by 20% by 2025 or equals to 100% of recycle water to use in non-hygiene activities</li> <li>Apply for ISO 14001 certification for two other projects</li> <li>Set a target for reducing landfill by 10% from the 2019 level and approve for the long-term reduction target</li> </ul>

## Reporting Approach of Sustainable Development Section

For a seventh year, Central Pattana has incorporated the Sustainable Development (SD) Report with the annual report to showcase its economic, social, and environmental performance by applying the Global Reporting Initiative (GRI) Standard-Core option approach, the International Integrated Reporting Committee (IIRC)'s report scope, the ISO 26000:201 Guidance on Social Responsibility, and the United Nations Global Compact (UNGC), linked to the performance in line with Sustainable Development Goals (SDGs).

### Scope of Report

The report embraces the performance of Central Pattana and its subsidiaries in Thailand, excluding sustainability performance abroad, from January 1 to December 31, 2019, with economic, social, and environmental updates and performances under the sustainable business management strategy. The scope of business and sustainable development covers only assets under Central Pattana's administration, namely the 33 shopping centers, seven office buildings, and downstream mutually supporting businesses of Central Pattana operating in Thailand, as reported in the Nature of Business on page 48. An exception is for environmental reporting, which excludes the outcomes of hotel and residential projects. Note that the report on the supply chain excludes the operation of subsidiary CPN Residence Co., Ltd.

CPN's implementation of sustainable development values the engagement of all stakeholders, namely shareholders, tenants, customers, business partners, creditors, employees, business competitors, society, communities and the environment, the public sector, independent organizations and related social organizations. The contents and details in this report disclose the performance outcomes of CPN and its subsidiaries and associates (whose 50% shares are held by CPN or where CPN can exercise management authority), including the companies that need to disclose information.

## Report Quality Control

The Sustainable Development Department, Excellence and Sustainable Development Division, the focal point that controls the report quality to ensure its completion and accuracy. The Annual report working team is responsible for preparing the annual report completion and review information dissemination.

### Assurance of Report

For credible and transparent reports guided by GRI Sustainable Reporting Standards, CPN organized report certification for some key performance indicators by a third party well-versed in certification and independent assurance in the field of real estate business as detailed in the certification of assurance on page 278-279.

### Additional Information

on SD Report and GRI Content Index have been disclosed at <https://www.cpn.co.th/en/sustainability/sustainability-reporting-library>

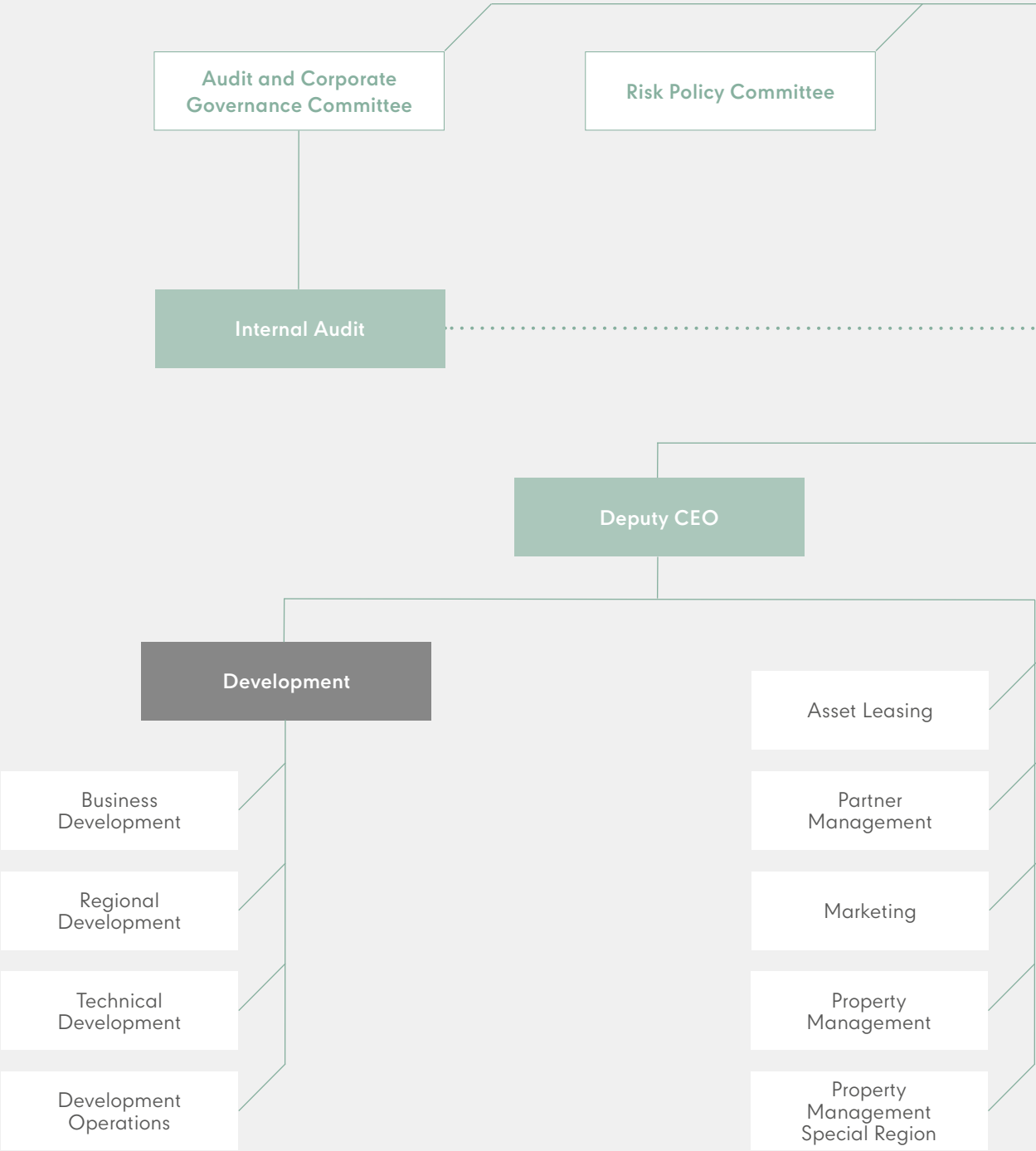
Should there be any questions or inquiries concerning the sustainability management, please contact:

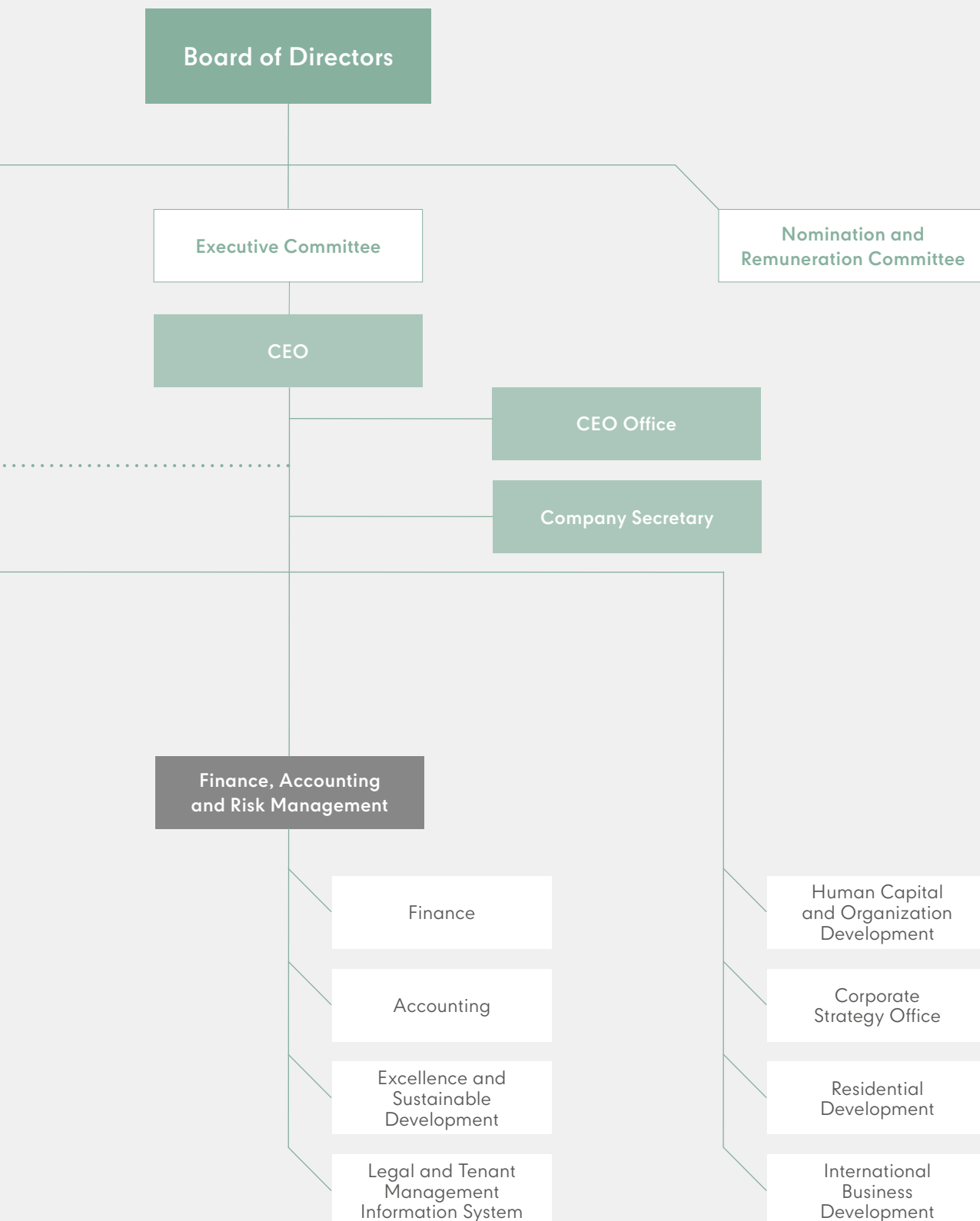
Department of Sustainable Development, Division of Excellence and Sustainable Development

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# ORGANIZATION CHART





# MANAGEMENT STRUCTURE

## Board Level

### The Board of Directors

The Board of Directors comprises directors who are knowledgeable and experienced in diverse fields relevant to Central Pattana's business.

The Board of Directors consists of 11 directors, who sufficiently supervise the Company operations, as follows:

- Four independent directors or equivalent one-third of the Board of Directors. All independent directors not only perform their duties and comment independently, but also take the best interests of the Company, shareholders and stakeholders into account.
- The Chairman of the Board represents the shareholders and is a different person from the President & CEO, in order to have complete separation of responsibilities as well as a balance of power in operations.
- In 2019, the Board appointed a Lead Independent Director to support its oversight of the governance of the Company, its subsidiaries, and associated companies for agreement with its corporate governance code, complete with coordination and checks and balances between the Board and the management to bolster stakeholders' confidence in our business transparency and fairness.
- 10 non-executive directors and one executive director.

### Name and Position of the Members of the Board of Directors

#### Honorary Chairman

1. Dr. Supachai Panitchpakdi

#### Board of Directors

- |  |                           |
|--|---------------------------|
| 1. Mr. Suthichai Chirathivat <sup>1</sup>  | Chairman                  |
| 2. Mr. Karun Kittisataporn <sup>2</sup>    | Lead Independent Director |
| 3. Mr. Paitoon Taveebhol                   | Independent Director      |
| 4. Mrs. Jotika Savanananda                 | Independent Director      |
| 5. Mr. Veravat Chutichetpong               | Independent Director      |
| 6. Mr. Suthikiati Chirathivat <sup>1</sup> | Director                  |
| 7. Mr. Sudhisak Chirathivat <sup>1</sup>   | Director                  |
| 8. Mr. Sudhitham Chirathivat <sup>1</sup>  | Director                  |
| 9. Mr. Kobchai Chirathivat <sup>1</sup>    | Director                  |
| 10. Mr. Prin Chirathivat <sup>1</sup>      | Director                  |
| 11. Mr. Preecha Ekkunagul                  | Director                  |

Remarks: <sup>1</sup> Representatives of the shareholders

<sup>2</sup> Taking the position on October 9, 2019

### Directors with Company Signatory Rights

Directors with company signatory rights are Mr. Sudhitham Chirathivat, Mr. Kobchai Chirathivat, Mr. Prin Chirathivat, and Mr. Preecha Ekkunagul. The joint signatures of any two of these four directors with the Company seal are required for validity. In case of filing taxes or submitting financial statements to the government agencies or any organizations, a signature of any of the aforementioned directors with the company seal is required.

### Composition and Qualifications of the Board of Directors

- 1) The Board of Directors consists of at least five directors, three or more of whom must be independent directors, equivalent to no less than one-third of the Board. At least half of the directors must reside in the Kingdom.
- 2) Directors must be fully qualified and not be under any of the prohibitions prescribed in the Public Limited Company Act, the Securities and Exchange Act, the Capital Market Supervisory Board's announcements, regulations of the Securities and Exchange Commission ("SEC"),



regulations of the Stock Exchange of Thailand (“SET”), the Company’s articles of association, corporate governance principles and relevant regulations. In addition, directors must not possess any distrustful characteristics unsuitable for the Company’s management position.

- 3) Directors must be honest, ethical, knowledgeable and experienced in diverse fields relevant to the conduct of business, capable of performing duties by dedicating sufficient time.
- 4) Directors may serve as directors of other companies, but such service must not affect their responsibilities for the Company. As a rule, a director should not serve in more than five SET-listed companies.
- 5) Directors must not, either for their own benefit or the benefit of others, engage in the management of another company that may harm the Company’s interests or generate benefits for any person or juristic person.

## Terms of Directorship

- 1) At every Annual General Meeting of Shareholders (AGM), one-third of the directors must retire. If the total number is not a multiple of three, the number closest to one-third must be used.
- 2) The names of the directors to retire during the first year and second year after the Company was registered are to be drawn by lots. For subsequent years, directors who have served the longest terms must retire. Retired directors may be re-elected to the Board.

Other than for completion of terms, a director may retire for the following reasons:

- 2.1) death
- 2.2) resignation
- 2.3) lacking qualifications or having any prohibited characteristics prescribed by law or the Company’s regulations
- 2.4) the meeting of shareholders may pass a resolution to remove any director from office by a vote of no less than three-fourths of the number of eligible shareholders in attendance at the meeting, and the total number of such shares must be no less than half of the number of shares held by eligible shareholders in attendance
- 2.5) court order

- 3) Directors who wish to resign must submit their resignation letters to the Company. The resignation takes effect on the day the resignation letter is received by the Company.
- 4) To enhance their independent input and performances, independent directors may hold office for up to two consecutive terms, extendable to up to nine years in total, to maintain the independence of opinions and performance of duties as the Company’s independent director.

The Board could extend independent directors’ terms as seen fit. When independent directors complete their terms, the Board may nominate such directors to the AGM to be re-elected for the extension of their terms.

## Duties and Responsibilities of the Board

- 1) Acting in the best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
  - 1.1) Performing its duties with faithfulness and honesty (Duty of Loyalty)
  - 1.2) Performing its duties with responsibility and all due circumspection and caution as well as with accountability and ethics (Duty of Care)
  - 1.3) Performing its duties in compliance with laws, objectives, the Company’s Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders’ Meetings (Duty of Obedience)
  - 1.4) Disclosing information to shareholders and stakeholders accurately, completely, and transparently with verification, timeliness and equitability (Duty of Disclosure)
- 2) Set the vision, mission, and short-term & long-term strategies to ensure fulfillment of corporate objectives and key goals with a focus on sustainability goals agreeing with value addition to the business, stakeholders, and society at large. The vision, mission and strategies are revised annually.

- 3) Consider approving key transactions under the Board's authority scope under the law and corporate regulations and approval protocol.
- 4) Consider approving annual plans and budget, while constantly monitoring its business performance to ensure goal achievement by suitably and safely applying innovation and technology.
- 5) Set and review Board structure, specifically the number of directors and ratio of independent directors, as well as diverse qualifications suiting corporate business. Review Board and committee compensation as considered and proposed by the Nomination and Remuneration Committee.
- 6) Consider appointing sub-committees to provide support for the Board's performance and responsibilities where suitable and necessary and monitor the sub-committees' performance on a regular basis.
- 7) Disclose financial and key information to all shareholders and stakeholders on a correct, complete, transparent, reliable, timely, and equitable basis in compliance with regulations, standards, and practical guidelines.
- 8) Set up efficient and effective internal control and internal audit systems.
- 9) Develop a code of business conduct for the directors, executives, and employees to set the standards for the Company's business operation. All directors, executives, and employees shall perform their duties ethically and in strict compliance with the Company's code of conduct.
- 10) Ensure business operation based on good corporate governance principles and provide support to communicate to every personnel in the Company to acknowledge and strictly adhere to them.
- 11) Ensure clear and transparent connected transactions.
- 12) Ensure clear procedures of the Audit and Corporate Governance Committee's report to the directors when doubtful of transactions and actions that may seriously affect the Company's financial status and performance. The Board must rectify the problems within the timeframe deemed appropriate by the Audit and Corporate Governance Committee.
- 13) Institute a suitable and efficient risk management policy and procedures with regular monitoring and assessment of risk management performance.
- 14) Ensure the succession planning of the Company's top executives and annually arrange effective assessment of their performance.
- 15) Arrange for the company secretary to assist the directors' activities and ensure that the Board and the Company comply with the relevant law and regulations.
- 16) Annually assess Board performance and monitor Board and committee performances for joint review in the Board.
- 17) Constantly develop competency through training and participation in courses on Board performance or in other activities designed to enhance job expertise.
- 18) Steer the formulation of an anti-corruption policy and practical guidelines, strictly conform to the corporate policy and measures to set good examples for all personnel and advocate internal and external communication for genuine conformance.
- 19) Steer the institution of processes and channels for receiving and effectively handling complaints filed by those with fraud leads and all stakeholders.
- 20) Steer the institution of an information security system, which includes the defining of a policy and procedures for confidentiality, integrity, availability, and the handling of market-sensitive information. Ensure conformance to this system by all directors, top management, personnel, and relevant third-party personnel.
- 21) Review and rectify the Charter of the Board as appropriate under prevailing circumstances.
- 22) Seek professional opinions by hiring outside advisers paid for by the Company.
- 23) Perform other duties as specified by the shareholders.

## Roles of the Chairman

- 1) Direct, monitor, and ensure Board performance for efficiency and fulfillment of corporate objectives and key goals.
- 2) Ensure all directors' roles in promoting a corporate culture filled with ethics and governance.
- 3) With the President & CEO, set Board meeting agenda and apply measures to ensure that critical matters under Board authority are included in the agenda.
- 4) Allocate enough time for the management to present matters and the Board to thoroughly discuss key issues. Encourage directors' exertion of discretion and expression of free views.
- 5) Promote cordial relations between the Board and the management, while supporting performances of the President & CEO and the management under corporate policies.
- 6) Ensure transparent disclosure of information and management for conflicts of interest.
- 7) Steer the overall performance of the Board, committees, and individual directors for efficiency and effectiveness.

## Roles of the Lead Independent Director

- 1) Chair the meetings of independent directors.
- 2) Coordinate with the Board Chairman and management in setting Board meeting agenda to ensure that key matters are included so that the Board may duly deliberate and acknowledge them in a timely manner.
- 3) Represent independent directors in consultation with the Board Chairman and management on issues concerning governance and key matters considered suitable by independent directors and coordinate their views as well as observations for the Board's consideration.
- 4) Chair Board meetings on agenda items where the Board Chairman has vested interests and where the Board Chairman cannot attend.

## Independent Directors

Independent directors are those who have independence from the control of management and major shareholders and do not involve nor have any interest in management's decision. The Company has defined much stricter qualifications for independent directors than those required by the SEC as follows:

- 1) Not holding more than 0.5% of the total outstanding voting shares of the Company, its parent company, subsidiary or affiliated company, major shareholders or controlling person including shares held by related persons of the independent director.
- 2) Neither being nor having been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, a same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment.
- 3) Not being a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children of directors, executives, major shareholders, controlling persons, or persons to be nominated as directors, executives or controlling persons of the Company or its subsidiaries.
- 4) Not having nor having had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two years prior to the date of appointment.

The term 'business relationship' under the above paragraph includes any normal business transaction, rental, or lease of immovable properties, transaction

relating to assets or services, or grant or receipt of financial support through receiving or extending loans, guarantee, providing assets as collateral, including any other similar action whose value exceeds Baht 20 million or more than 3% of the net tangible assets, whichever is lower. The value of each transaction is based on the calculation method for the values of connected transactions under the Notification of the Capital Market Supervisory Board. Under the regulation, all transactions occurring within a year of preceding transactions must be included in such calculation.

- 5) Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two years from the date of appointment.
- 6) Neither being nor having been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither being nor having been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two years from the date of appointment.
- 7) Not being a director who has been appointed as representative of the Company's directors, major shareholders, or shareholders who are related to the Company's major shareholders.
- 8) Not conducting any businesses which have the same nature as or in competition with the Company's or its subsidiaries or neither being a substantial partner, executive director, employee, officer or advisor who receives regular salary, shareholder holding more than 1% of the voting shares of businesses which have the same nature as or in competition with the Company or its subsidiaries.
- 9) Not having any characteristics that could prevent him/her from giving independent opinions concerning the Company's operation.

Independent directors may be assigned by the Board to make decisions regarding the operation of the Company, its parent company, subsidiaries, associated companies, a same-level subsidiary, major shareholders or controlling person in an organization's collective decision.

Independent directors should freely exert discretion on business matters and express their views on or objection to cases affecting shareholders' equitability.

## Sub-Committees

In conformance to corporate governance principles, the Board has appointed sub-committees to help it fulfill its responsibilities, screen specific key operational aspects as assigned, give opinions to the Board and decide certain matters as authorized by the Board. Followings are the structure of sub-committees:

### Audit and Corporate Governance Committee

The Board of Directors is responsible for the appointment of members of the Audit and Corporate Governance Committee, which consists of four members, comprising as follows:

- Four independent directors are qualified persons in accordance with SET's and the Company's definition of independent directors.
- Every member on the list has adequate knowledge and experience in reviewing the reliability of financial statements.
- The first member of the Audit and Corporate Governance Committee gains accounting expertise.

## Name and Position of the Members of the Audit and Corporate Governance Committee

### 1. Mr. Paitoon Taveebhol Chairman

Being experienced in reviewing the reliability of financial statements

2002 - Present	Chairman of the Audit and Corporate Governance Committee <sup>1</sup> , Central Pattana Plc.
2008 - Present	Member of the Audit and Corporate Governance Committee, Somboon Advance Technology Plc.
2012 - Present	Chairman of the Audit Committee, KCE Electronics Plc.
2012 - Present	Member of the Audit Committee, Easy Buy Plc.
2010 - 2012	Chairman of the Audit Committee, Big C Supercenter Plc.

### 2. Mr. Karun Kittisataporn Member

Being experienced in reviewing the reliability of financial statements

2011 - Present	Member of the Audit and Corporate Governance Committee <sup>1</sup> , Central Pattana Plc.
2008 - Present	Member of the Audit Committee, Sahamit Machinery Plc.
2012 - 2017	Member of the Audit Committee, Khon Kaen Sugar Industry Plc.

### 3. Mrs. Jotika Savanananda Member

Being experienced in reviewing the reliability of financial statements

2015 - Present	Member of the Audit and Corporate Governance Committee <sup>1</sup> , Central Pattana Plc.
2014 - 2018	Chairman of the Audit Committee, the Stock Exchange of Thailand

### 4. Mr. Veravat Chutichetpong Member

Being experienced in reviewing the reliability of financial statements

2016 - Present	Member of the Audit and Corporate Governance Committee <sup>1</sup> , Central Pattana Plc.
----------------	--

2017 - Present Member of the Audit Committee, Kiatnakin Bank Plc.

2012 - 2016 Chairman of the Audit Committee, Phatra Securities Plc.

Remarks: <sup>1</sup> In 2019, Central Pattana broadened the Audit Committee's responsibility by adding the oversight of good governance, renaming it the Audit and Corporate Governance Committee.

## Duties and Responsibilities of the Audit and Corporate Governance Committee

### Financial statements

- 1) Review the financial report preparation process for accurate, complete, credible, and timely information disclosure by coordinating with the external auditor and executives responsible for preparing quarterly and annual reports.
- 2) Review extraordinary significant items of the past year (if any) on the basis of their sensibility, impacts on the financial standing and company performance, as well as the accuracy and completeness of the data disclosed.

### Connected transactions and possible conflicts of interest

- 3) Consider connected transactions which may cause conflicts of interest; ensure conformance to laws and SET regulations to ensure that they are reasonable and in the Company's best interests.
- 4) Consider the accurate and complete disclosure of information in case of connected or related transactions or other transactions that may cause conflict of interest.

### Internal control

- 5) Review the internal control system to ensure its suitability and effectiveness, including any transactions that may cause financial fraud.
- 6) Consider the audit outcomes and suggestions of the external auditor and Internal Audit concerning internal controls and pass on suggestions for action by the management as well as following up the implementation of such suggestions.

### Internal audit

- 7) Review and ensure that Internal Audit is independent and has an efficient internal audit process, in addition to ensuring Internal Audit's access to essential data.
- 8) Review the activities and structure of Internal Audit and approve its charter.
- 9) Provide views on the appointment, commendation, removal, transfer, or discharge, as well as adjustment of compensation of the head of the Internal Audit Office, to ensure its independence.
- 10) Provide suggestions and remarks about the budget and manpower of Internal Audit for the management's approval.
- 11) Review and endorse annual internal audit plans and changes subject to the assessment outcomes of enterprise risk management and Internal Audit's strategic plans.
- 12) Review the internal audit plan with the head of the Internal Audit Office, especially about the internal control system and financial management process.
- 13) Review audit plans and coordinate the scope of audit of internal auditor and the external auditor to be mutually supportive and eliminate redundancy.
- 14) Review Internal Audit's performance outcomes against the audit plans approved by the Audit and Corporate Governance Committee to ensure conformance to the framework of responsibility assigned by the Audit and Corporate Governance Committee.
- 15) Review the hiring of external experts to conduct internal audit if the internal auditor lacks essential skills or specialization needed to conduct internal audit, including IT aspects.
- 16) Institute annual quality assurance reviews and external quality reviews at least every five years.

### External audit

- 17) Select, nominate, and propose fees for the external auditor for approval so as to obtain an independent auditor, taking into account the reliability, adequacy of resources, audit volume, the experience of the personnel assigned to audit the Company as well as past work. Also, consider the removal of the external auditor.

- 18) Review the scope and method of auditing proposed by the external auditor as well as reasons for changing the auditing method (if any).
- 19) Provide suggestions to the external auditor to review certain transactions that may be necessary or important during the auditing process of the Company and subsidiary companies.
- 20) Review the report of the external auditor and submit to the management for adjustments in practices as well as following up on such suggestions.
- 21) Consider the adequacy and efficiency of coordination between the external auditor and Internal Audit.
- 22) Act on received information from the external auditor as soon as possible regarding suspicious activities of directors, managers or persons responsible for operating the Company that may constitute a breach of the second paragraph of Section 281/2, Clause 2, Section 305, Section 306, Section 308, Section 309, Section 310, Section 311, Section 312 or Section 313 of the Securities and Exchange Act and promptly check the information received and report preliminary findings in the first instance to SEC and the external auditor within 30 days from the date when a given breach was reported.

### Compliance with law and related regulations

- 23) Review conformance by the Company to Securities and Exchange laws, SET requirements, or the Company business-related laws and ethics.
- 24) Review the management's performance and follow up in case of nonconforming.
- 25) Review issues identified by external regulators and remarks by auditor.
- 26) Review the communication of Code of Ethics to the employees and monitor its conformance.
- 27) Acknowledge progressed report from management and Company's legal advisor regarding key issues on conforming to the relevant laws and regulations.

## Audit and Corporate Governance Committee Report

- 28) Report its performance for acknowledgement and consideration once every quarter.
- 29) Review any reports prepared by the Company regarding duties and responsibilities of the Audit and Corporate Governance Committee.
- 30) Prepare Audit and Corporate Governance Committee's annual performance report in accordance to SET's guideline and signed by the Chairman of the Audit and Corporate Governance Committee as well as disclose it in the Company's annual report.
- 31) In case of any suspicious transactions or actions that may significantly affect the Company's financial status and performance, the Audit and Corporate Governance Committee shall report the findings to the Board to make any improvement or correction in a timely manner as seen appropriate by the Committee. Detailed are displayed below:
  - 31.1) Transactions regarding conflict of interests
  - 31.2) Transactions regarding frauds, irregularities or significant deficiencies in internal control system
  - 31.3) Any violation against laws on the securities and exchange, SET regulations or business-related laws relevant to the Company
- 32) In case the Board or the management fails to take corrective actions on those transactions under 31.1), 31.2) and 31.3) within the timeframe set by the Audit and Corporate Governance Committee, any of the Audit and Corporate Governance Committee members may report of such transactions or actions directly to SEC or SET.

## Corporate governance

- 33) Review the Company's continual improvement process of good corporate governance, as well as providing approaches and advices for development.
- 34) Emphasize and promote good corporate governance as a regular agenda for the Board meetings and AGMs.
- 35) Ensure that the Chairman of the Audit and Corporate Governance Committee receives a copy of the report of the directors' vested interests from the Company Secretary under Article 89/14 of the Securities and Exchange Act within seven days of the date when the Company receives the report.

- 36) Monitor, evaluate, and revise the Code of Conduct and Corporate Governance Policy in keeping with best practices for the Board's approval.
- 37) Advocate and advise the Board and management on corporate governance.
- 38) Consider or assign the Corporate Governance Policy for adoption by the Corporate Governance and Sustainable Development Committee.
- 39) Ensure monitoring of directors' and management's performance against corporate governance.

## Risk management

- 40) Review the Company's risk management process to ensure standardization, effectiveness, and efficiency.
- 41) Work with the management in considering key policies regarding risk management and risk assessment as well as risks from corruptions.
- 42) Work with the Risk Management Committee, the Risk Management task force, and the management in considering, making recommendations, and updating reports on the Company's risk management.

## Other responsibilities

- 43) Conduct other Board-assigned duties.
- 44) Regularly review the Audit and Corporate Governance Committee Charter on an annual basis in order to consider and assess its current assigned roles and responsibilities as well as to propose any required amendments accordingly.
- 45) Conduct other duties assigned by SET.
- 46) Oversee that there is an effective whistleblower system in place, in the event that an employee or any stakeholder is suspicious of any possible wrongdoing, as well as non-compliance to any laws, regulations, business ethics, or to any corporate governance principles, so that the whistleblower has the confidence that the Company has the required and appropriate independent procedure to effectively investigate and resolve such possible wrongdoings and non-compliance issues.
- 47) Monitor any special investigation as necessary.
- 48) Review self-assessment forms for Central Pattana's anti-corruption measures under Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).



## Nomination and Remuneration Committee

The Board of Directors is responsible for the appointment of the members of the Nomination and Remuneration Committee, which consists of three members, comprising as follows:

- Two independent directors
- One non-executive director
- The Chairman is an independent director.

### Name and Position of the Members of the Nomination and Remuneration Committee

1. Mr. Karun	Kittisataporn	Chairman
2. Mrs. Jotika	Savanananda	Member
3. Mr. Sudhitham	Chirathivat	Member

Two advisors to the Committee are appointed as follows:

1. Mr. Sudhisak	Chirathivat	Advisory
2. Mr. Prin	Chirathivat	Advisory

The advisors may attend the Nomination and Remuneration Committee meetings; however, they are not allowed to vote. Also, if any advisor has stakes in the reviewed agenda, such advisor shall leave the meeting to prevent conflict of interests and allow other committee members and advisors to fully discuss.

### Duties and Responsibilities of the Nomination

- 1) Consider the appropriate structure, size, and composition of the Board to suit the organization and changing environment as well as review the criteria of independent directors' qualifications.
- 2) Ensure that Board structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business, as needed and aligned with the Company's strategic directions. Furthermore, Board members are selected with non-discrimination of gender, race, religion,

age, professional skill, or other qualifications. Numbers of directors and proportion of independent directors are also taken into consideration as suitable for the size of the organization.

- 3) Consider the criteria for selecting directors, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors before further submission to shareholders' meetings for appointment as directors.
- 4) Consider the criteria for selecting President & CEO, as well as select and nominate those persons qualified and appropriate to be considered by the Board of Directors for appointment as President & CEO.
- 5) Allow individual shareholders the opportunity to propose qualified persons for selection as directors, providing shareholders with enough time prior to shareholders' meetings being held.
- 6) Formulate succession plans for President & CEO and senior executive position and review such plan on a regular basis.
- 7) Consider appropriate strategies relating to human capital management and organization development to be implemented to ensure its consistency with the Company's business operations.

### Duties and Responsibilities of the Remuneration

- 1) Consider a clear compensation method and standard for directors, members of the sub-committees, as well as that for the President & CEO, so that they are equitable and appropriately corresponds to the respective assigned duties and responsibilities, current business environment and performance results of the Company as well as will facilitate an effective discharge of their responsibilities. The proposed compensation plan should also be comparable to those of other companies within the same or similar industry and business sector as the Company, and also take into consideration the overall increase to the total value of the shareholders equity in the long term.
- 2) Consider the compensation for directors and sub-committee members and propose it to the Board for endorsement and, in turn, tabling it for the approval of shareholders' meetings.
- 3) Define goals and evaluate the performance of the President & CEO to set reasonable compensation.

## Other Duties and Responsibilities

- 1) If it is considered essential and suitable to do so, the Committee may appoint regular advisor(s) or hire project advisor(s), or both, to provide advice on the Committee's performance. As seen essential and suitable, NRC may decide on such advisors' fees at the Company's expenses.
- 2) Revise and amend the Committee charter in line with prevailing circumstances and seeks Board approval.
- 3) Perform other Board-assigned duties related to nomination and remuneration.

### Risk Policy Committee

The Board of Directors is responsible for the appointment of the members of the Risk Policy Committee, which consists of four members, comprising as follows:

- Four directors
- The Chairman is an independent director.

## Name and Position of the Members of the Risk Policy Committee

1. Mr. Paitoon	Taveebhol	Chairman
2. Mr. Kobchai	Chirathivat	Member
3. Mr. Prin	Chirathivat	Member
4. Mr. Preecha	Ekkunagul	Member

## Duties and Responsibilities of the Risk Policy Committee

- 1) Acknowledge and give recommendations on risk management policies, strategies, structures and development frameworks at every corporate level.
- 2) Assess the effectiveness of risk management established by the management.
- 3) Review and endorse the manageable levels of risks and deviation acceptable by the Company.
- 4) Review the Company's overall risk management, taking into consideration the overall short- and long-term return for shareholders, in comparison with the manageable risks to the Company.
- 5) Acknowledge the identified key risks and review the management's responsive actions.
- 6) Participate in the Company's annual analysis of risk management strategies and provide recommendations.
- 7) Provide directions and guidance for risk management supervision.
- 8) Supervise the identification of performance goals and key risk KPIs.
- 9) Acknowledge reports on the trends of corporate risks and ensure that the Company's strategies can effectively address identified risk issues.
- 10) Report the Committee's risk management activities to the Board every quarter.
- 11) Perform other tasks as assigned by the Board.

In addition, the management has appointed Risk Management Committee consisting of senior executives and the executives from each core department to implement the Risk Management Policy as assigned by the Risk Policy Committee, control the development of a risk management system under the responsibility scope of each business unit's executives in line with the standard approach and incorporate risk management into business plans, review measured performance against risk management standards by benchmarking it with the acceptable deviation, communicate and manage established and maintained enterprise risk management in line with the Company's risk management vision, and constantly update risk management matters for the Risk Policy Committee.

## Summary of the Appointment of Directors in Sub-Committees

Director		Board of Directors	Audit and Corporate Governance Committee	Nomination and Remuneration Committee	Risk Policy Committee
1.	Mr. Suthichai Chirathivat	C	-	-	-
2.	Mr. Karun Kittisataporn	M	M	C	-
3.	Mr. Paitoon Taveebhol	M	C	-	C
4.	Mrs. Jotika Savanananda	M	M	M	-
5.	Mr. Veravat Chutichetpong	M	M	-	-
6.	Mr. Suthikiati Chirathivat	M	-	-	-
7.	Mr. Sudhisak Chirathivat	M	-	A	-
8.	Mr. Sudhitham Chirathivat	M	-	M	-
9.	Mr. Kobchai Chirathivat	M	-	-	M
10.	Mr. Prin Chirathivat	M	-	A	M
11.	Mr. Preecha Ekkunagul	M	-	-	M

Remarks: C - Chairman M - Member A - Advisory

## Company Secretary

The Board of Directors appoints knowledgeable, capable and qualified person as Company Secretary to support related work and ensure the efficiency and effectiveness under laws and good governance principles. The Board therefore appointed Ms. Ampawee Chompoopongkasem as the Company Secretary, also performing as secretary to the Nomination and Remuneration Committee. Please see the profile and work experience under “Board and Management Profile”. Duties and responsibilities are as follows:

## Duties and Responsibilities of the Company Secretary

- 1) Prepare and maintain all documents relating to the Company's statutory register of directors, Annual Reports, notices and minutes of the meetings of the Board of Directors as well as notices and minutes of the shareholders' meetings.
- 2) Maintain and keep a record of vested interests as reported by directors and executives.
- 3) Send copies reporting vested interests of directors and executives or related persons to the Chairman and the Chairman of the Audit and Corporate Governance Committee within seven days of the receipt of each report.

- 4) Organize Board and shareholders' meetings according to rules and applicable laws.
- 5) Provide advice to the Company and the Board of Directors in conformance to the Company's memorandum of association, articles of association, Securities and Exchange Act, Public Company Limited Act, and applicable laws.
- 6) Act as the clearing house between the Board of Directors, executives, and the shareholders.
- 7) Coordinate and follow up the Board's and shareholders' resolutions.
- 8) Ensure that appropriate information disclosure and information reports are submitted to the regulators as required.
- 9) Perform other duties as specified by the regulations of the Capital Market Supervisory Board or as assigned by the Board of Directors.
- 10) Prepare minutes of meetings of the Board and the shareholders.

## Executive Committee

The Board of Directors is responsible for the appointment of members of the Executive Committee, which consists of a total of five members, comprising as follows:

### Name and Position of the Members of the Executive Committee

1. Mr. Suthichai	Chirathivat	Chairman
2. Mr. Suthikiati	Chirathivat	Member
3. Mr. Sudhisak	Chirathivat	Member
4. Mr. Sudhitham	Chirathivat	Member
5. Mr. Prin	Chirathivat	Member

## Duties and Responsibilities of the Executive Committee

- 1) Screen the following items and submit the findings to the Board for consideration and approval:
  - 1.1) the Company's strategic plans, financial targets and operating plans
  - 1.2) Annual budget estimates based on the Company's strategic plans
  - 1.3) Project investments or material transactions within the Committee's scope of authority
  - 1.4) Activities and operations concerning mergers and acquisitions
  - 1.5) Identification and assessment of investment opportunities in new businesses
- 2) Monitor the Company's performance to ensure its conformance to the specified budget and targets.
- 3) Supervise and monitor the Company's performance and financial status.
- 4) Consider, review and approve within the scope of authority approved by the Board investment transactions, disposition of assets and other transactions relating to the Company's businesses.
- 5) Assess opportunities, risks and factors facing business operations, and provide recommendations to the Management Committee and the Board.
- 6) Support business collaboration to enhance bargaining power and competitiveness.
- 7) Strengthen relationships and manage matters concerning all stakeholders.
- 8) Secure funds, including loans for business operations.
- 9) Ensure efficient management of resources and personnel development.
- 10) Hire independent consultants or persons to give opinions or advice as necessary.
- 11) Perform or approve other transactions assigned by the Board on a case-by-case basis.

## Management Level

### Management Committee

The Management Committee consists of 11 members.

#### Name and Position of the Members of the Management Committee

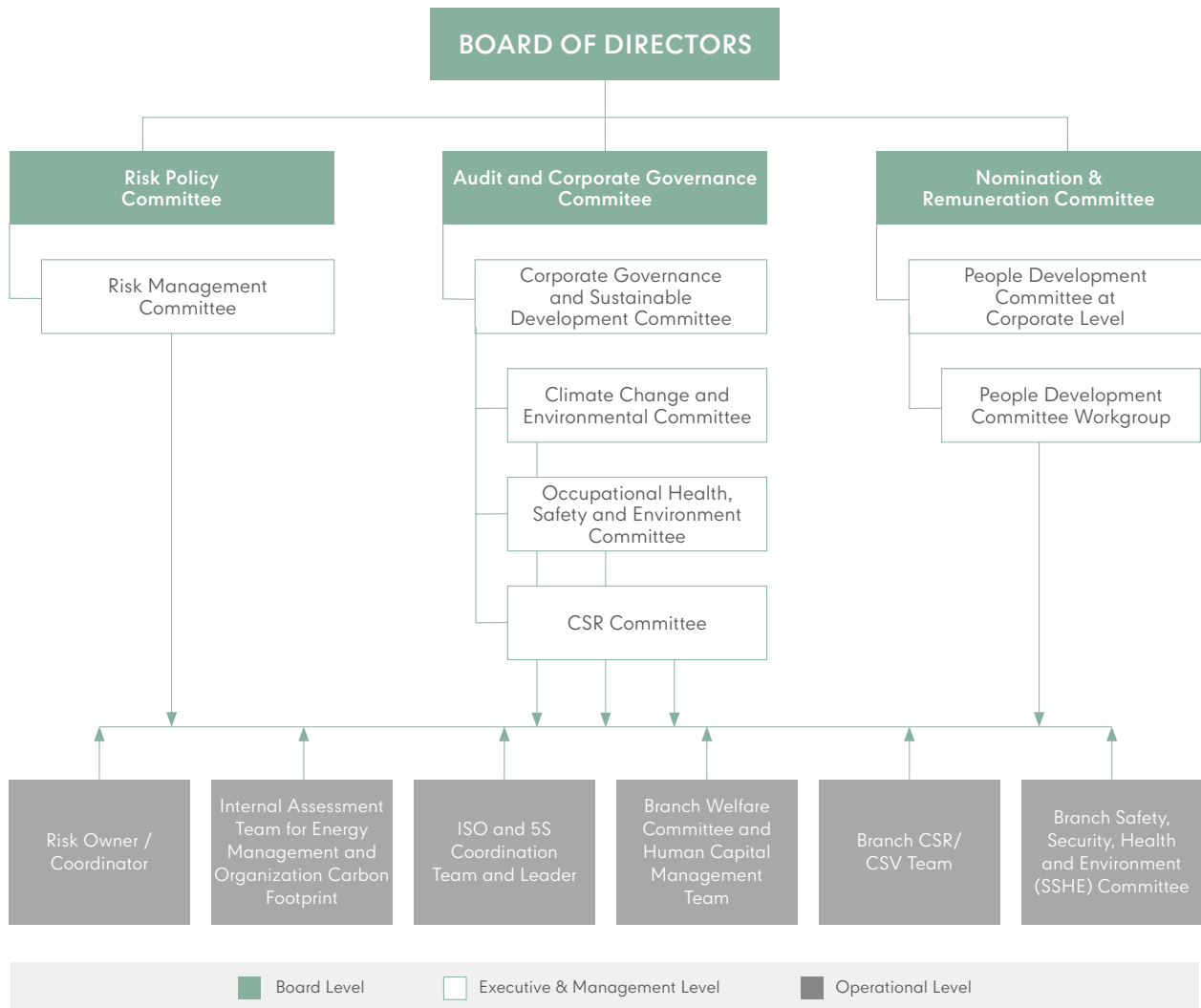
1.	Mr. Preecha Ekkunagul <sup>1</sup>	Chairman
	President & CEO	
2.	Ms. Wallaya Chirathivat <sup>1</sup>	Member
	Deputy Chief Executive Officer	
3.	Mr. Suthipak Chirathivat <sup>1</sup>	Member
	Senior Executive Vice President, Office of the President	
4.	Ms. Naparat Sriwanvit <sup>1</sup>	Member
	Senior Executive Vice President, Finance, Accounting and Risk Management	
5.	Mr. Chanavat Uahwatanasakul <sup>1</sup>	Member
	Senior Executive Vice President, Development Workgroup	
6.	Mr. Lertvit Pumipitak <sup>1</sup>	Member
	Senior Executive Vice President, Property Management	
7.	Mrs. Narttaya Chirathivat	Member
	Executive Vice President, Office of the President	
8.	Dr. Nattakit Tangpoonsinthana	Member
	Executive Vice President, Marketing	
9.	Mr. Boonchan Kulvatunyou	Member
	Executive Vice President, Leasing	

Remarks: <sup>1</sup> Central Pattana's executives No.1-6 are the management members as specified in the SEC Notification. Please see their profiles and experiences under "Board and Management Profile".

### Duties and Responsibilities of the Management Committee

- 1) Prepare and propose strategic business plans, financial targets and operation plans.
- 2) Prepare and propose annual budget estimates.
- 3) Approve within the Committee's scope of authority, the Company's investment and operating budgets, and propose investment and other material transactions to the Executive Committee or the Board, or both, for consideration under the authorization procedure or other the Company's regulations.
- 4) Take full responsibility for the Company's conformance to applicable laws, its objectives and regulations, shareholders' resolutions, the Board's resolutions and relevant rules.
- 5) Regularly consider and review the Company's risk management and internal control system to ensure their efficiency.
- 6) Consider the enhancement of the Company's competitiveness and promote continual innovations.
- 7) Report the nomination of executives who report directly to the President & CEO, then to the Executive Committee or the Board, or both, for consideration.
- 8) The Committee may delegate its authority to any executive or person in performing single or multiple tasks as seen appropriate by the Executive Committee or the Board, or both.
- 9) Encourage employees and executives to continually enhance their knowledge and skills.
- 10) Hire independent consultants or persons to give opinions or advice as necessary.
- 11) Perform or approve other transactions assigned by the Executive Committee or the Board, or both, on a case-by-case basis.

## Operational Structure for Sustainability



### Risk Management Committee

The President & CEO acts as Chairman and the top management of every function act as committee members, reporting to the Risk Policy Committee. In 2019, the Committee held four meetings.

### Duties and Responsibilities

Turn the policy and control framework into action and monitor the implementation of corporate risk management plan to ensure that it meets the requirements, directions and policies.

## Corporate Governance and Sustainable Development Committee

The President & CEO acts as Chairman, while the Senior Executive Vice President and Executive Vice President of every function act as committee members, reporting to the Audit and Corporate Governance Committee. In 2019, the Committee held five meetings.

### Duties and Responsibilities

Define business sustainability goals embracing economic, environmental, and social aspects under the information disclosure criteria and frameworks at the national and global levels; review policies, strategies, operational plans, requirements, standard systems and operating guidelines; and follow up on performance to ensure uniform direction.

## Climate and Environment Committee

Executive Vice President, Project Development, and Executive Vice President, Property Management jointly act as Chairmen. The management from the above-mentioned functions and the Excellence and Sustainable Development Department act as committee members. In 2019, the Committee held three meetings.

### Duties and Responsibilities

Cascade and drive the climate and environment policy, operations and management of natural resources, energy, utilities, environment, biodiversity, waste management, greenhouse gas emissions and use of alternative resources to systematically and sustainably maximize system efficiency.

## Occupational Health, Safety and Environment Committee

The top management of Property Management Department, executives of support function and operation employees act as committee members, reporting to the Corporate Governance and Sustainability Development Committee or the Risk Management Committee (or both) on related issues. In 2019, the Committee held 12 meetings.

### Duties and Responsibilities

Advocated work safety activities of employees and outsiders working on Company premises or using Company services so as to prevent illnesses and nuisances while minimizing work accidents and hazards. Drove corporate safety and hygiene standards toward agreement and harmonious directions.

## CSR Committee

In 2019 the CSR Committee was disbanded, with its responsibility now incorporated with that of the management team (Property Management, Marketing, and Finance, Accounting, and Risk Management Departments), who will now execute, drive, and approve activities related to social responsibility, including marketing activities for communities and volunteer employees' activities under the name of CPN Volunteer. These activities embrace economic, social, and environmental aspects under a sustainable development approach and creating shared values with communities and stakeholders.



## People Development Committee at Corporate Level

The President & CEO acts as the Chairman, while the Senior Executive Vice President and the Executive Vice President act as committee members. The top management of Human Capital Management and Organization Development Department acts as the Committee's secretary. In 2019, the Committee held 12 meetings.

### Duties and Responsibilities

Formulate strategies, review, monitor, and give advice on the employee engagement development plan and cascade it.

### Personnel

The Company employs 5,082 employees. In 2019, the changing number of employees was in line with the Company's growth direction. The Board made sure that the Company has a policy to pay fair remuneration and continuously builds employees' capacity. Please find more details under "Employee Engagement". To date, the Company has never had any significant labor disputes.

# CORPORATE GOVERNANCE

Valuing good corporate governance, Central Pattana believes that ethical, transparent and auditable business conduct will help the Company attain its goal and enjoy sustainable growth. The Board therefore included corporate governance policies, a code of conduct and guidelines in its “Code of Conduct and Corporate Governance Principles” handbook for a firm foundation for all personnel. Such policies and guidelines are regularly reviewed in line with current situations. Furthermore, the Board has always been a good role model who follows corporate governance principles. It also ensures employees’ compliance and fosters this idea as a corporate culture to make sure that the Company’s business sustainably grows.

## Core Values



**I-CARE**

“Ethics” is one of the core values in I-CARE, established by the Company as a guideline.

This value is instilled in all employees, who will practice and adhere to it to ensure that the operational goals are aligned, contributing to a good organizational culture.

## Corporate Governance Policy

The Board formulated corporate governance policies under “Corporate Governance Principles” in the Central Pattana’s Code of Conduct handbook. Below are the five principles of the Company’s CG Policy:

### 1. Rights of Shareholders

Central Pattana takes the following measures to protect the rights of every shareholder:

#### Shareholders’ Rights

- Rights of ownership registration
- Rights of share transfer
- Rights to regularly and sufficiently receive the company’s important and material information
- Rights to attend and vote in the company’s shareholders meeting
- Rights to elect or remove board members
- Rights to consider remunerations of board members
- Rights to the share of the Company’s profits
- Rights to join decision-making and receive the results of

the company’s decisions on the company’s fundamental changes, such as

- Sale or transfer of the company’s business, whole or certain important parts, to other people
- Purchase or acceptance of transfer of other companies or other private entities
- Execution, amendment, or cancellation of contracts of the company’s leasing whether in whole or in important parts, the assignment of other person(s) to manage the company’s business or the acquisition of other company with the objective of profit and loss sharing
- Amendment of the company’s memorandum of association, rules, and other similar regulations
- Increase or decrease of capital
- Company acquisitions or dissolutions
- Issuance of debentures
- Extraordinary transactions.

## 2019 AGM

The shareholders are entitled to set the business direction or decide on significant matters. The shareholders’ meeting is therefore an essential platform for them to express opinions, contact the Company, ask questions, and cast votes.

Central Pattana recognizes the importance of giving identical rights and affording equal treatment to all shareholders, including but not limited to major shareholders, individual shareholders, institutional investors or foreign investors. Relevant guidelines have been adopted for actual actions (before, during and after meetings) for all shareholders’ meetings. The 2019 AGM was held on Friday, April 26, 2019, at 14.00 hours at World Ballroom, 23rd floor, Centara Grand & Bangkok Convention Centre at CentralWorld, 999/99 Rama 1 Road, Patumwan, Patumwan, Bangkok. There were 377 shareholders attending the meeting in person and 2,481 shareholders attending by proxy, in total amounting to 85.13% of the total 4,488,000,000 shares issued. Out of 11 members of the Board, 11 directors attended the meeting, equal to 100% of the Board. The Chairman of the Board, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Chairman of the Risk Policy Committee, President & CEO, Chief Financial Officer, Company Secretary, and the external auditor attended the meeting. Details of the AGM proceedings are as follows:

## Before the Meeting

- The Company provided individual shareholders with rights to propose in advance additional agenda items and nominate directors from September 28, 2018 to January 15, 2019. This included shareholders' rights to query meeting agenda before the meeting date by submitting their queries to the Company Secretary. Criteria for such consideration, which were agreed by the Board, can be viewed at the Company's website. However, in 2019, no shareholder proposed any agenda item or nominate any candidate for consideration.
- Meeting notices are in Thai and English. For the 2019 AGM, the meeting notice was posted on the Company's website on March 25, 2019, 30 days ahead of the meeting date, and was distributed to shareholders no less than 21 days ahead. This provided shareholders with enough time to examine the information.
- In the meeting notice, the Company enclosed essential, adequate facts and rationales, as well as directors' comments on all items on the agenda for shareholders' consideration. The AGM agenda comprises:
  - 1) Acknowledgement of the Minutes of the 2018 Annual General Meeting of Shareholders (AGM)
  - 2) Acknowledgement of the Company's Performance Outcomes of 2018
  - 3) Consideration on the Audited Financial Statements for the Year Ended 31 December 2018
  - 4) Consideration on the Dividend Payment against the 2018 Performance Outcomes: The Company provides information on the dividend policy and dividend amount proposed for approval, in comparison with the amount paid in the previous year.
  - 5) Consideration on the Appointment of Directors in Place of Those due to Complete Their Terms in 2019: The Company provides basic information on candidates, including each one's name, age, type of directorship, position held in Central Pattana, education, director training/seminar courses attended, experience, positions held in other or the Company's related businesses, date of being a director, number of years in each position, and participation in committees' meetings as member of such committees of the last three years, shareholding in Central Pattana, and other information such as any conflict of interest incurred in the previous year.
  - 6) Consideration on the Remuneration for the Board of Directors for 2019: The Company provides information on the policy, amount, and form of remuneration for each director's position and responsibility, criteria, and the procedures for determining remuneration.
  - 7) Consideration on the External Auditor and Determination of the Audit Fee for 2019: The Company provides information on the names of auditors and their affiliations, auditors' independence, and the number of service years for the Company, the consideration of the suitability of the auditors' fee, presented separately from other fees.
- There was no significant, extraordinary document distributed at the meeting, no added item, and no amendment made to material information without informing the shareholders in advance.
- The Company facilitates shareholders who could not attend the meeting themselves by enclosing in the meeting notice Proxy Form B, on which they could state their voting preference, together with details about how to appoint a proxy to shareholders' meetings. Shareholders can download Proxy Forms A, B, and C from [www.cpn.co.th](http://www.cpn.co.th). In addition, the names and profiles of the four independent directors are provided for shareholders' voting by proxy. At the 2019 AGM, 2,236 shareholders appointed independent directors as their proxies. Details are as follows:
  - 1,946 shareholders appointed Mr. Paitoon Taveebhol, Chairman of the Audit Committee.
  - 6 shareholders appointed Mr. Karun Kittisataporn, Member of the Audit Committee.
  - 210 shareholders appointed Mrs. Jotika Savanananda, Member of the Audit Committee.
  - 74 shareholders appointed Mr. Veravat Chutichetpong, Member of the Audit Committee.

## During the Meeting

- The Company provided at least a two-hour registration period before the meeting. Barcode and computer systems eased registration and vote counting to speed up the process and ensure information accuracy and reliability.
- The Company provided shareholders with voting rights equivalent to the number of shares held. One share yields one vote. There was only one type of share, which was ordinary share.
- Shareholders were informed by the Company about the vote-tallying procedures before the shareholders' meeting.
- The Company introduced the use of ballots for casting votes. The ballots were prepared separately for each agenda item for shareholders' voting convenience.
- The Company provided shareholders with the rights to exercise their votes on the nomination of directors by electing them one by one.
- Participants were informed of the voting result for each agenda item and presented with the voting scores.
- The Company transparently conducted the AGM by following respective agenda items as stated in the meeting notice, in strict conformance to the law and the Company's regulations. Independent party was invited to witness the vote counting.
- Shareholders were allowed to attend a meeting in progress and vote on remaining items.
- The Company allowed shareholders to freely express their views and raise their questions at the meeting. The Chairman of the Board, Chairman of all sub-committees, President & CEO, senior executives, Company Secretary and external auditor attended the meeting to clearly answer all aspects of shareholders' questions.

## After the Meeting

- The Company submitted the resolutions of every shareholders' meeting to the Stock Exchange of Thailand ("SET") through the SET Link on the same day so that non-attending shareholders might be immediately informed.
- Shareholders could also view a webcast of the AGM via the Company's website
- The quality of minutes of shareholders' meeting was emphasized by recording the following information:
  - list of directors attending and in absence at the meeting, including their positions
  - voting rights and methods, including the use of ballots for casting votes
  - shareholders' queries and recommendations, including the explanation of directors or the management;
  - shareholders' meeting resolutions and voting-tally on every agenda item that includes voting.
- Minutes of each shareholders' meeting were distributed in Thai and English through the Company's website within 14 days starting from the meeting date, with a copy sent to SET within the stated period.
- The resolutions of Central Pattana's 2019 Annual General Meeting of Shareholders were provided on SET's website and disseminated via the Company's website on April 26, 2019, which was the meeting date.
- Shareholders' opinions on the organizing of shareholders' meeting were obtained through a satisfaction survey. The information acquired was then applied to improving the efficiency of future shareholders' meetings.

The Company complied with the AGM quality assessment project, jointly conducted by the Thai Investors Association, the Securities and Exchange Commission ("SEC"), and the Thai Listed Companies Association. The assessment criteria included steps undertaken before each shareholders' meeting and activities on the meeting date and afterward.

## Shareholding Structure

- The Company ensures that shareholders will receive full returns from their investments by maintaining a straightforward structure of alliance among Central Pattana, its affiliates, and joint ventures, with no joint-holding or cross-holding of shares. It also has no pyramid shareholding structure within the Group.
- The Company gains distribution of free float shares over 40%.

## 2. Equitable Treatment of Shareholders

The Company observes the principle of affording equitable treatment to all shareholders without discrimination, whether major or individual ones, institutional or foreign investors. Practical guidelines to promote genuine equality include:

### Control and Prevention of the Use of Inside Information

The Board ensures that a policy is put in place to control the use of inside information and transactions on Central Pattana's shares, to ensure equitable treatment of all shareholders and assuring them that relevant directors and executives are prohibited from undertaking dishonest stock transactions for their own benefit or the benefit of others. Details are as follows:

- **Control of inside information:** Directors, executives, and all employees must not use the Company's inside information, significant and undisclosed, for their own benefit or the benefit of others and must strictly comply with the policy on the safeguarding and use of inside information.
- **Holding Central Pattana's securities:** The Company's directors, executives, and employees may invest in the Company's securities. However, to prevent conflicts of interest, these personnel and their related persons (spouses and under-aged children) must not buy, sell, transfer, or accept any transfer of the Company's shares during the one-month period before the public disclosure of the Company's financial statements and at least 48 hours after the Company has disclosed such information to SET or the public. If any of them buys, sells, transfers, or accepts transfer the Company's shares, they must

prepare and disclose the report of shareholding and changes to the regulators as specified.

In case of violation against the policy on the use of inside information, executives and employees will be considered guilty and is subject to the legal punishment.

- **Disclosure on the holding of Central Pattana's securities:** The Company's directors and executives are required to report within 30 days of assuming office their Central Pattana's securities portfolios and report subsequent changes within three days of their transactions. The Company Secretary must file a quarterly report on the shareholding of directors, executives, and related persons including spouse and minor children and submit it to the Board.

### Monitoring of Conflicts of Interest

It is Central Pattana's policy to conduct business with honesty, open-mindedness, transparency, and fairness. The Company's directors, executives, and employees must not engage in any business in competition with the Company or undertake any connected transaction related to themselves or persons/juristic persons, which could pose any conflict of interest to the Company. The Board must ensure strict conformance to the regulations and procedures for the disclosure of connected transactions specified by the law and the regulators.

If a connected transaction is unavoidable, however, such transaction must follow the general business provisions as specified and approved by the Board, based on transparency and fairness in the same way as ordinary transactions undertaken with outsiders, taking into account the best interests of the Company. Any party involved in a conflict of interest transaction must not take part in the consideration of such transaction.

If certain connected transactions are crucial or non-compliant with the general commercial conditions approved by the Board and could cause a conflict of interest, the Audit and Corporate Governance Committee must review them and express opinions before proposing them to the Board or

shareholders for approval. The Company has always followed the relevant criteria and disclosed all essential information in compliance with rules and regulations.

The Company's directors and executives are obliged to disclose and report vested interests and connected transactions undertaken by themselves and their related parties as follows:

- **Disclosure of vested interests:** Directors and executives are obliged to make the first report within 30 days after holding offices and report the information on December 31 each year. During the year, if there should be necessity to make transactions directly or indirectly with the Company and the subsidiaries, they are obliged to notify the Company immediately, stating facts about the nature of the contract, names of contract parties, and their vested interests in the contract so as to ensure transparent transactions. The Company Secretary is responsible for collecting and sending the copies of vested interests reports to the Chairman of the Board and the Chairman of the Audit and Corporate Governance Committee within seven business days from the date the Secretary receives the report.
- **Disclosure of connected transactions:** Directors and executives are obliged by the laws and SEC and SET rules and regulations to report to Central Pattana when agreeing to engage in connected transactions that may cause a conflict of interest. At the end of each year, they must report and certify the information on such transactions.

In 2019, the Company did not receive any complaint about misuse of inside information nor conflicts of interest committed by any director or executive.

### 3. Roles of Stakeholders

The Company values all stakeholders and observes sustainability of common benefits. It has clearly set policies and roles toward stakeholders in its "CG Policy", as detailed below:

#### Policy and Practices toward Stakeholders



##### Shareholders

- Stimulating growth with quality and stability for the shareholders' sustainable benefit with good and efficient performance.
- Respecting the shareholders' equal rights to receive necessary information; disclose correct and actual information.
- Conducting business based on honesty, transparency, and fairness. Relevant details appear under "Rights of Shareholders" and "Equitable Treatment of Shareholders".



##### Employees

- Providing fair and proper treatment of employees, whether in opportunity, compensation, job assignment, job transfer, or competency development, as well as managing employees' workplaces to ensure the safety of their lives and properties.
- Setting up policy of human resources management without discrimination, emphasizing equity and respect in human rights for employees at all levels.
- Enhancing education on several matters that are significant and useful to employees' work, including trainings on safety, occupational health and environment in workplace, trainings on the environment and energy conservation as well as trainings for existing and new employees on corporate governance and anti-corruption. Additionally, developing and organizing specialized courses for each function by establishing a training roadmap which provided the essential knowledge of shopping center development and management and for various functional operations, such as Sales, Marketing, Customer Service, Business Development, and Residential Project Development.
- Organizing a People Manager Program to enhance supervisors' leadership. The program consists of 360-degree assessment before and after capacity

development, classroom training, group coaching, and mentoring by supervisors to promote behavioral change. The program aimed not only to foster leaders but also create engagement of their subordinates.

- Preparing for employee development for acquiring appropriate knowledge and ability for future positions, such as shopping center general manager and shopping center work system supervisor under the integrated learning and working project with King Mongkut's University of Technology North Bangkok.
- Offering the employees an opportunity to improve themselves anytime, anywhere by developing more online learning courses. Currently, there are five courses for new employees, 24 specialized courses, ten courses related to work processes, and 50 micro-learning courses on leadership development.
- Encouraging employees to enhance their potential and improve work efficiency by providing scholarships for Master's Degree for employees who pass the set criteria. Central Pattana sponsors their education until graduation.
- Arranging the employee evaluation at all levels to seek and develop talents as future executives. Supervisors are assigned to formulate development plans for employees in line with their potential levels, match knowledge and ability with their positions, and prepare them for higher positions.
- Arranging the annual performance evaluation as information accompanying consideration of compensation, such as higher salary and bonuses. The ratio of the indicators would depend on fields of work and behavior as shown by employees at each level.
- Formulating fair compensation and welfare policy for the Company's personnel at all levels, setting up the compensation structure of salary and bonus, for instance, to be in line with employee's knowledge, expertise, performance and the Company's operating result, both in short- and long-term. Relevant details appear under "Sustainability Management".
- Encouraging dialogue between the Company and employees or their representatives to present information to its decision-makers so as to improve the quality of their work lives in pursuit of joint development.
- Setting up provident fund for employees, on a voluntary basis, to provide employees with additional funds in support of their retirement life or life after quitting.

- Setting up a cremation association for employees to join on a voluntary basis. The association provides its members with support in cremation services for their families.



## Tenants and Customers

- Delivering satisfaction to the customers with good service and treat customers fairly and properly, ensuring safety for health, life, and property. The Office for the Promotion and Supervision of Standards ensures that tenants at all branches offer the same standard of services, with regular improvement of tenant-related policies and work processes.
- Providing complete, correct, and actual information. Recognizing the importance of developing public relations media by not using images or contents that may cause negative attitudes, social division, or improper values, especially those about gender or immorality, in the company's sales campaigns.
- Developing service staff and evaluate their services, including Tenant Service staffs' daily visits to each store to serve tenants and listen to their problems and complaints. Customer service staffs are also assigned to walk around shopping areas inside every center to handle shoppers' questions or promptly provide recommendations.
- Meeting and communicating any significant operational plans with tenants at least once a year, including meeting with the tenants when opening or renovating any Central Pattana's shopping complex, in order to announce its policies and to plan any joint marketing activities. Furthermore, these meetings provide an opportunity for tenants to express their opinions and make any recommendations for continuous service improvement. For existing shopping complexes, the Company holds tenant meeting once every quarter.
- Undertaking satisfaction surveys relating to the services provided to the tenants on a regular and annual basis, in order to be informed and aware of any tenants and customers' needs as well as to improve the Company's excellence in services.





### Business Partners

- Equitable treatment of business partners and joint benefit.
- Observing the Company's clearly detailed procurement procedures and practices to facilitate mutual trust and long-term relationships.
- Fostering economic, social, and environmental cooperation.
- Defining Central Pattana's procedure for business partner selection under its rule on procurement and the rule on project development and construction management, including procurement through business partner selection by price inquiry or price auction, or through E-Auction under the Company's rule on pool procurement. Procurement is, in any case, conducted transparently in line with the Company's policies, while each interested party is required to undergo the Company's screening process of pre-qualification assessment before becoming a business partner.
- Organized a Partner Engagement Meeting to inform business partners about the Company's strategic plans and business direction. By doing so, their business conduct is aligned with the Company's, and both parties can enjoy sustainable growth.
- Held informal individual meetings to form relationships with new business partners and ensure collaboration in large projects. Cooperation would be based on sustainable business operation, corporate governance principles, and anti-corruption principles as specified in such partners' business principles.



### Creditors

- Strictly respecting agreements with creditors; managing loans according to lending objectives; avoiding using the loans to cause damage to the Company; ensuring timely repayment of loans and interests; thoroughly honoring loan conditions as agreed; and competently operating the business to assure creditors about the Company's healthy financial standing and loan repayment capabilities.
- Maintaining the Company's financial ratios as specified in loan agreements or the terms and conditions of such agreements, with regular reporting of its performance to creditors as required, the Company has never defaulted on either debt or interest payment or caused any concern among creditors on its debt repayment ability. Moreover, the Company provides loans only to subsidiaries under

its shareholding structure, with no financial assistance offered to any unrelated company.



### Business Competitors

- Conducting business with fairness; refraining from improperly seeking competitors' confidential information; refraining from abusing the intellectual property rights of others or those of competitors; promoting information-sharing that benefits the overall development and management of shopping complexes to strengthen the business and contribute to sustainable national economic, social, and environmental development.
- The establishment of the Thai Shopping Center Association exemplifies close cooperation between the Company and industry peers, designed to share useful business directions and experience for common benefit, with the Company holding membership and directorship in the association since 1998. The Company made an annual membership payment of 50,000 baht to the Thai Shopping Center Association.
- Publicity guidelines for association information through various communication channels, including press conferences and interviews with the mass media, publicity documents, and association seminars designed to educate and provide intelligence on the shopping center business that is useful and timely for the public.
- Appointment of a mini-taskforce to track new laws and provide views on laws potentially affecting the businesses of shopping centers and retail commerce since 2015.
- Implementation of safety measures, including cooperation for crisis preparedness and the invitation of experts to discuss security matters in shopping centers.
- Advocating trade promotion measures to stimulate tourists' spending and encourage Thais to purchase local products, through consultation with the Ministry of Tourism and Sports, Ministry of Finance, Ministry of Commerce, and relevant public and private organizations. In 2019 the Thailand Shopping Center Association (TSCA) together with the Thai Retailers Association and the Thai Duty-Free Shop Trade Association drove several measures to support quality tourism in Thailand.
- Joining working groups in various projects to promote and drive the economy at the macro-level and increase the retail sector's competitiveness. For instance, collaborated with the International Council of Shopping Centers (ICSC)

to drive and promote design innovation and a world-class management standard among shopping centers in Thailand.



### Society, Communities and the Environment

- Respecting relevant laws and/or regulations and try to surpass standards, such as inventing or applying the innovation of energy-efficient buildings in the Company's shopping centers and office buildings; monitoring the operation of the Company and preventing it from damaging the quality of life of society, communities, and the environment; developing society in its quality of life, education, energy saving, and environmental protection.
- Actively communicating and disseminating knowledge of environmental conservation to its relevant stakeholders to establish an environmental protection network that spreads knowledge and experience to all social sectors.



### Government

- Cooperating and supporting government policies for the benefit of the country under relevant law and criteria; actively implements projects beneficial to the public, whether as assigned by the government or company-initiated projects.
- Providing cooperation in anti-corruption.



### Independent Organizations and Related Social Organizations

- Upgrading cooperation and information-sharing with independent organizations and other related social organizations for joint, sustainable development of society and the country, taking into account impacts on the economy, society, and the environment.

## Policy and Guidelines on Safety, Occupational Health and the Environment

In ensuring the safety and sound occupational health of its employees and stakeholders, the Company has defined a policy and guidelines requiring the planning and setting up within its offices and facilities of efficient, adequate security and warning systems. The purposes are to prevent and control risks of damage from accidents, injuries, work-related

illnesses, damage or loss of properties, incorrect practices and other mistakes.

## Policy and Practices on Intellectual Properties

The Company conducts its business strictly under the law or regulations on intellectual property rights, whether in trademarks, patents, copyrights, classified commercial information, or other stipulated categories of intellectual property, such as using only licensed software that has been inspected and installed by the Company's Information Technology Department, and encouraging employees to ensure that the application of research findings or other data in their work does not constitute a violation of other people's intellectual property rights.

## Policy and Practices on Adherence to Human Rights Protection Laws and Regulations

A key basis of the Company's business conduct is legal compliance, which includes domestic and foreign laws, as well as relevant customs, traditions, and cultures. The Company also tries to surpass standards, such as undertaking studies of relevant laws during conducting feasibility studies of projects and complying with them throughout the development stages, with constant monitoring of any legal revision that may affect its business operation. For example, the Company fully complies with city planning laws to avoid causing any economic, social, and environmental impacts. The Company also strictly observes the laws of every targeted country to ensure that its overseas investments are properly and transparently executed.

The Company promotes and respects the protection of human rights, ensuring that its business conducts have no connection with any human rights violation such as forced labor or child labor. All stakeholders are treated fairly on human dignity and non-discrimination of national origin, race, gender, age, skin color, religion, physical condition, status, or birth. It also promotes the monitoring of human rights compliance within the Company and encourages subsidiary companies, joint ventures, business partners, and all stakeholders to observe the international standards of the principles of human rights.

Stakeholders whose rights are affected by the Company's operation are protected by offering compensation at a rate comparable to what is stated by the law.

## Policy and Practices against Fraud and Corruption

Central Pattana has undergone the certification process and become an ally of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since January 16, 2015 and has been recertified on February 12, 2018. CAC is organized through the collaboration of the Thai Chamber of Commerce, International Chamber of Commerce, the Federation of Thai Industries, Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations, Tourism Council of Thailand, and Thai Institute of Directors (IOD) as secretary.

The Company has continuously implemented anti-corruption measures as follows:



### Training and Communication

- Constantly acquainting employees with knowledge and understanding of anti-corruption, such as:
  - Annual training on "Ethics in Workplace" with lectures and brainstorming through case studies and board game activity. In 2019, Central Pattana has arranged 3 badges; there were 123 participants in total.
  - Training via e-Learning with the course on "Central Pattana Code of Conduct" in line with its Code of Conduct and Corporate Governance Policy and anti-corruption measures. All employees can attend the course throughout the year.
  - Orientation to provide knowledge and understanding to new employees on a monthly basis.
- Consistently communicating relevant policies, including No Gift Policy, via assorted channels, including the email, Central Pattana's website, bulletin boards and ADMIRE journal, etc. to communicate to all employees and executives.

- Preparation of the CG Individual Assessment for the management and employees via online channels to assess their knowledge, understanding and compliance as follows:

- The objective of CG Individual Assessment is to gauge the level of knowledge and understanding about the adherence to the Company's Code of Conduct and CG Principles, while the purpose is to apply assessment results in developing effective approaches for the promotion and implementation of the CG Policy.
- Behavior Assessment, intended to quantify the level of commitment to the Company's Code of Conduct, which is part of the corporate culture.



### Extension of Cooperation toward Central Pattana's Business Partners

- Communicating with partners on the code of conduct and anti-corruption measures by disclosing it on the Company's website.
- Communicating the No-Gift Policy with partners and related stakeholders through various channels such as the website, letters, phone calls, and messages via the LINE application to ensure their acknowledgment and compliance. Furthermore, the CAC project posted Central Pattana's public relations materials on the CAC Facebook.
- The Company defined a transparent procurement method in line with the anti-corruption policy. Prospective partners must be screened by pre-qualification evaluation, which requires partners to implement the topics of sustainability, corporate governance, and anti-corruption.

Details of relevant policies are disclosed in Central Pattana's Code of Conduct and CG Principles, Anti-Corruption Measure as well as Code of Conduct and Practices for Business Partners.

## Whistleblowing and Complaints

The Company provides the following channels for stakeholders to voice their suspicions or complaints:

If stakeholders have doubts or witnessed acts suspected to be violation of laws, regulations, or the business code of conduct, including malpractice, such as violation of laws, company rules and regulations, fraud, corruption, abuse of power, authority exploitation, malfeasance, misconduct, human rights violation, acts that unduly impact society, communities, and the environment, they may ask for information, report tips, or file complaints with evidence to related parties or department. The Audit and Corporate Governance Committee makes sure that a whistleblowing process is put in place. The Office of Internal Audit, together with relevant functions, follows the Company's whistleblowing process and propose its findings to the Board, independent directors, executive management, and related persons for acknowledgement and consideration of penalties as prescribed by the Company's regulations if the suspect persons are found guilty. Details of communication channels are as follows:

### Audit and Corporate Governance Committee

Central Pattana Public Company Limited  
30<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Tel: +66 (0) 2667-5555 ext.1200  
Email: whistleblower@cpn.co.th

In the case that employees or stakeholders suspect any activities concerning operation, they can ask or alert complaints to the Company's management via the following channel.

### The President & CEO

Central Pattana Public Company Limited  
33<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Email: CEO@cpn.co.th

The rights of whistleblowers who are employees, customers, and outsourced persons will be protected. Those involved in the investigation process must keep all relevant information confidential and disclose only the parts that are necessary, taking into account the safety and interests of whistleblowers, complainants and those cooperating with the investigation. The whistleblowing and complaint-handling processes, including rights protection for staff, employees and outsourced persons are disclosed in the Central Pattana's Code of Conduct and CG Principles as well as Anti-Corruption Measure.

In 2019 Central Pattana improved its whistleblowing process to ensure the efficiency of every step. It developed an online whistleblowing system which can be reached at <https://www.cpn.co.th/th/whistle-blowing> to strictly maintain confidentiality. Furthermore, it limited the personnel and added a security system for access to whistleblowing information. The whistleblowers could attach evidence files and track the status of their complaints anytime, anywhere. The Company not only improved the complaint-handling policy and operating regulations on managing employees' grievances or complaints, but also set guidelines for a fact-finding team and an investigation committee to make sure that they align with the current practices.

## 4. Disclosure and Transparency

Central Pattana is committed to correct, complete, transparent, thorough, and timely disclosure of information, whether financial or non-financial, so that investors and all stakeholders may regularly receive reliable and adequate information for their decisions through the SET Link system and the Company's website, enabling all people to equitably access information. For information that cannot yet be disclosed, the Company has in place measures to prevent unauthorized access to such inside information.

### Investor Relations

Central Pattana is committed to conducting its business in line with good governance to assure that Investor Relations (IR) accurately, completely and transparently performs its duties under relevant laws, regulations of governing bodies and the Company's rules. It has defined the Central Pattana's Code of Conduct for Investor Relations as guidelines requiring all IR-related executives and employees to strictly observe.

IR represents Central Pattana's center for disclosing financial and non-financial information, promoting and managing good relations with shareholders, investors, securities analysts, the public and stakeholders in Thailand and abroad on an equal, inclusive and timely basis, in line with SET's requirements. The division has also prepared questionnaire forms for its annual conduct of satisfaction surveys on the division's operation as perceived by institutional shareholders, individual shareholders, investors and securities analysts. The findings are analyzed for the optimization of policies, operation and activities in line with international standards.

Investor Relations reports directly to the CFO and works closely with senior executives to formulate policies as well as quarterly and annual plans, including operating guidelines and approaches for developing Central Pattana's Investor Relations practices on a par with leading regional listed companies. The division also presents performance results and comments from shareholders, analysts, and investors to the Board twice a year.

The Company disseminates material information, available in both Thai and English and useful to shareholders and investors for their decision-making on investment, via diverse

channels such as the Company's information submitted to SET, the SEC, newspapers and press releases. Information that has been disclosed to shareholders, investors and the general public will be posted on the Company's website under "Investor Relations" ([http://www.cpn.co.th/investor\\_th.aspx](http://www.cpn.co.th/investor_th.aspx)) and is regularly updated.

Information disclosed on the website includes Form 56-1, the Annual Report (Form 56-2), financial statements, Management Discussion & Analysis (MD&A), the Company's past performances, data on the Company's business operation, factsheets for existing and new projects, notices to shareholders' meetings, minutes of shareholders' meetings, corporate governance, information submitted to SET, Investor Relations calendar (IR events and calendar), press releases and presentations used during both domestic and international roadshows. In 2019, users viewed the website for 108,367 times. At the end of 2019, there were 4,168 registered people interested in receiving electronic news from Investor Relations.

In addition, before the announcement of its quarterly and annual performance results to SET, the Company sets a silent period of 14 days to abstain from communicating its quarterly and annual performance report to analysts and investors to avoid unfair release of information which may affect Central Pattana's share price.

### IR Activities

Recognizing the value of forging good relations with investors, the Company's senior executives regularly make time to join investor meetings and activities to elaborate the Company's policies and business directions. These activities include the Analyst & Fund Manager Meetings, investor conferences, quarterly performance announcement events, domestic and overseas roadshows to meet investors. In 2019, the number of participants averaged 20-30 persons each quarter. The events are also broadcast live via SET's Opportunity Day Webcast Live on SET's website, where viewers can post their questions and get real-time responses from the management during Q&A sessions. Furthermore, document and recordings of executives' presentations are disseminated through the Investor Relations website, enabling investors to view all past data. In 2019 Central Pattana twice participated in the SET

Digital Roadshow, an activity organized by SET as a channel for Thai listed companies to access foreign institutional investors. Moreover, the Company took 32 securities analysts and fund managers to visit Central Village.

The Company's diverse formats of investor relations activities consistently organized in 2019 for senior executives and IR Division to meet with and provide information to interested persons were as follows:

Meeting Format	Number of Meetings	Number of Companies	Number of Investors
1. One-on-One Meetings	56	67	132
2. Conference Calls	14	22	29
3. Analyst & Fund Manager Meetings			
- By President & CEO (CEO Forum): once	5	59	252
- By senior executives: four times			
4. Opportunity Day/SET Digital Roadshow			
As mode of communication with investors, analysts and the press	6	-	77
5. Investor Conferences	11	103	222
6. Non-deal Roadshows	6	77	113
7. Site Visits	10	66	81
8. Analysts' Site Visits at Central Pattana's shopping malls	1	29	32
Total	109	423	938

Shareholders, investors and interested parties may contact Investor Relations for additional information either in person or by sending a letter or email to:

#### Investor Relations Division

Central Pattana Public Company Limited  
31<sup>th</sup> floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District  
Patumwan District, Bangkok 10330, Thailand  
Tel: +66 (0) 2667-5555 ext. 1614, 1632 and 1688  
E-mail: [ir@cpn.co.th](mailto:ir@cpn.co.th)

## 5. Board Responsibilities

### The Board's Structure

The Board consists of 11 directors who are knowledgeable, experienced and skillful in diverse fields relevant to the Company's operation, with four of them, including a woman, being independent directors, equivalent to one-third of the total as required by SEC's regulations. Fully qualified under Central Pattana's standard, independent directors can effectively and efficiently discharge their duties for the full benefit of the Company.

To ensure an inclusive supervision of all operational aspects under CG principles, the Company has set up sub-committees, Executive Committee, and Management Committee, as well as appointing the Company Secretary to help the Board in performing its duties. Relevant details appear under "Management Structure".

## Board Diversity

Recognizing the benefit of board diversity, Central Pattana's emphasis on the diversity of the Board's structure, its policy is clearly defined in the Charter of the Nomination and Remuneration Committee and the Code of Conduct and CG Principles. The Board considers it appropriate that its structure comprises ethical and honest experts who are knowledgeable, experienced, and skillful in diverse fields relevant to the conduct of business. Furthermore, Board members are selected with non-discrimination of gender, race, religion, age, professional skill, or other qualifications.

The Board Skill Matrix comprises expertise in real-estate development and management, architecture and engineering, international business, accounting, finance, economics or business administration, laws and taxation, risk management, human resource management, information technology, including IT disruption and IT governance, and corporate governance. Please find the biographies of directors under "Board and Management Profile".

Central Pattana will maintain diversity of the Board structure to ensure efficient consideration and business decisions.

## Directors' Duties and Responsibilities

The Board actively fulfills its leadership role in ensuring Central Pattana's good governance. Besides performing their duties in accordance with relevant laws and the Company's objectives and regulations, directors are responsible for resolutions of the Board and shareholders' meetings, with duty of loyalty, duty of care, accountability, ethics and equitable treatment to all shareholders without discrimination.

The Board is responsible for commenting on the defined vision, mission, long-term business goals and strategic plans to ensure the Company's sustainability, as studied by the management who turned the Board's direction into a plan. Central Pattana's corporate governance policy, business ethics and ethical standards for directors, executives and employees are revised on an annual basis for compatibility with prevailing business circumstances. The Board also monitors and supervises the management to ensure that the Company's key strategies and policies are actively implemented, enhances the effectiveness of the Board itself

and senior executives to drive the Company toward the goals, promotes assorted innovations that add values to business in tandem with creating stakeholder benefits by conducting business responsibly toward society and the environment, supervises the risk management and internal control systems to ensure their efficiency, which in turn guarantees that the Company fully complies with the laws and standards for the supervision of systems for financial reporting and disclosing of material information to ensure their accuracy, adequacy and timeliness under applicable regulations, standards and guidelines. The Board also monitors the operation of sub-committees, such as the Audit and Corporate Governance Committee (ACGC), Nomination and Remuneration Committee (NRC) and Risk Policy Committee (RPC), to ensure that each fulfills the task assigned. Besides treating all shareholders equitably, the Company provides them with the opportunity to participate in its decisions on important matters.

The Company's significant strategies and policies are conveyed to all management and employees through various channels. At the managerial level, the communication is through the Annual Management Committee and the Management Information Meeting, which are annually held, for instance. At the employee level, either at the headquarter or branches, the communication is through the line of command and a variety of media issued by the Internal Communication Department to vastly cover the whole company. The Board, then, monitors the progress of all defined working plans through the agenda of acknowledgement on the Company's quarterly performance.

The Board supervised Central Pattana's business in line with the corporate goals to foster sustainable growth by supplementing long-term financial and non-financial value, enhancing quality, and creating brand for the business as follows:

- Deliberated the President and CEO's quarterly reports on the Company's actual performance versus the plan and information on economic conditions, market conditions, competition, customers and related partners.
- Reviewed the strategic plan bi-annually in accordance with the President and CEO's report on the Company's performance against the strategic goals.
- Regularly deliberated sustainability issues and risks that might impact the Company's plans.
- In defining strategies, the management considered



the strategic direction defined and recommended by the Board with key issues on economic, social and environmental sustainability. It also analyzed the risks and opportunities that were relevant to all stakeholders and posed significant impacts on the business to define strategies and long-term action guidelines.

## Roles of the Chairman and the CEO

For clear role segregation and checks and balances, the Chairman and the CEO are always two different persons.

In spite of being representatives of the shareholders and not independent directors, based on the deliberation of the Nomination and Remuneration Committee and the approval of the Board, the current structure is appropriate for the Company's business and, in fact, is a forte supporting the Company's constant success and business growth, since the Chairman is knowledgeable, experienced, skillful in the retail and property development industries, and conforms to the principles of good governance, taking into consideration the benefits of all stakeholders.

As a director bound by the Charter of the Board, the Chairman is committed to the Code of Conduct and CG Principles in providing a role model for the Board, executives, and employees. The Chairman presides over the meetings of the Board as well as those of the shareholders, ensuring smooth meetings and providing directors and shareholders with opportunities to express their views and recommendations freely and creatively. Further details are provided in "Management Structure".

The CEO is responsible for managing and administering day-to-day businesses under its strategic plans, vision, and missions, with a scope of authority bound by law, objectives, and company regulations, in addition to the resolutions of the Board and shareholders' meetings.

## Directorship in Other Listed Companies

The Charter of the Board of Directors has stipulated that directors may hold directorships in other companies if such directorship does not obstruct their duty as Central Pattana's directors. It is stipulated that directors may hold directorships in no more than five listed companies.

The CEO may hold directorships in other companies if such directorship does not obstruct his duty as the Company's CEO. Moreover, such entities must not operate business of the same type nor competing to that of the Company. Directorships in other listed companies must gain approval from the Board.

## Policy on Limiting the Number of Term of Directorship for Independent Directors

The Charter of the Board of Directors has stipulated that independent directors may hold office for up to two consecutive terms, extendable to up to nine years in total, to maintain their independence in giving opinions and performing their duties as independent directors.

The Board may consider extending the term of independent directors as deemed appropriate. In the year when any independent director is retired by rotation, the Board may propose such director to the annual general meeting of shareholders to consider reappointment of such independent director for another term.

## Board meetings

- The Company's regulations require Board meetings to be held at least once every three months. The Board provides guidance and sets business directions, policies and corporate goals at Board Meetings, which take place at least eight times a year, and sub-committee meetings throughout the year. The Board formulated a policy on Board meetings as stipulated in the Company's Code of Conduct and Corporate Governance Principles. The Board members had the duty to regularly attend Board meetings with the ratio of at least 75% of the meetings for the entire year. In 2019 there were ten Board meetings, while the ratio of directors' participation was 90.90%.
- The Chairman, CEO, and Company Secretary jointly set a clear agenda before each Board meeting. All directors can freely propose agenda items for consideration by the Chairman before inclusion in a meeting.
- The Company Secretary must submit meeting documents that can be revealed in a written form without affecting the Company's business operations to the directors at least seven days in advance for consideration, together with an invitation letter specifying the meeting date, time, place, and agenda. In emergencies, to protect the Company's rights or interests, appointments for such meetings can be made through other methods at shorter notice.
- During each meeting, the Chairman allocates enough time for discussion of each significant issue and encourages all directors to creatively and freely express ideas with due discretion, with the Company Secretary and Legal Department in attendance to take notes.
- Any director with a vested interest on any agenda item must abstain from the meeting and voting on that item.
- Each time the Board voted, the Board decided that the Board composition should be recorded in the meeting minutes. To date, voting on each item requiring approval was done by no less than two-thirds of the Board.
- If a situation occurs that is critically important or may have a significant impact on Central Pattana and/or any stakeholder, the management will submit full details of the incident to the Board for consideration, opinions, and suggestions, for example, overseas project updates, market situations and project investment plans, "social interest" events or those that could involve Central Pattana's business, and CG guidelines, and so on.
- In 2019 the Board considered various essential issues to ensure the Company's proper management in line with the current business operation and preparedness for future changes as follows:
  - Considered the Company's, subsidiaries', and key associated companies' financial transactions and operating results.
  - Considered investment and development of shopping centers, residential, and mixed-use projects as well as investment in other businesses.
  - Considered supervising Central Pattana's operation to ensure compliance with corporate governance principles, such as the safety of lives and assets, sustainability and social responsibility, stakeholder-centric policy, application of innovation and technology that benefit stakeholders involved in the Company's operation.
  - Considered internal control, risk management, internal audit, IT audit, and IT governance.
  - Considered factors that might affect the Company's business, such as the impacts of online businesses, economic conditions, current social shifts, demand and supply for each business group, overseas operations, human resource management, and establishment of an organizational culture.
- Meeting documents, minutes, information and all relevant documents are safely stored in electronic files together with the original documents. Data is stored in an electronic form together with original documents, and limited data access.
- For any question arising during a meeting that requires follow-ups and/or additional information from any involved department, the Company Secretary will coordinate and submit additional details/information to the Board as soon as possible.
- Non-executive directors must hold at least one exclusive meeting a year. In 2019, two meetings were held in June and November to review strategic plans for 2020 and significant business matters which may affect the Company's business, where summaries of issues for consideration and helpful recommendations were provided to the Board and the management for further action.

- The efficiency of Board meetings is evaluated at every Board meeting to promote constant improvement of directors' performance and meeting arrangement. The outcomes of such evaluations for 2019 averaged 98.23%.
- The Board also regularly considers any changes in relevant laws, rules, and regulations that are crucial to Central Pattana, together with any news and updates on good CG practices, so that ongoing activities of the Board fully conform to any revised and relevant laws, as well as rules, regulations, and guidelines currently in effect.

## The Board's Self-Evaluation

### 1. Board's Self-Evaluation Form

- **Criteria**  
Central Pattana Board's Self-Evaluation Form applies SET's evaluation approach to suit the characteristics and structure of the Board of Directors. The results are key factors for the enhancement of directors' performance and related duties. The evaluation form consists of two key components:

**Component I** The Board evaluates the scores given to the following five aspects of its operation:

- 1) Board structure and qualifications
- 2) The roles, duties, and responsibilities of the Board
- 3) Board meetings and board performance
- 4) Relationship with management
- 5) Director's self-improvement and executive development.

**Component II** The Board gives its opinions and suggestions or identifies special issues of interest about its performance or different aspects of the Company's operation.

- **Procedure**  
At the end of each year, the Company Secretary will send a self-evaluation form to every director, collect the completed forms, and report the summary annually to a Board meeting as an agenda item for acknowledgment and discussion.

### 2. Director's Self-Evaluation Form

- **Criteria**  
Designed to assist each director in reviewing and enhancing director's performance, this evaluation form fully aligns with the Board's legal obligation, the Company's Charters and Code of Conduct, and the best-practice guidelines of the SEC and SET, by focusing on:
  - 1) Director's code of conduct and performance
  - 2) Strategic formulation, supervision, and monitoring of the Company's operation
  - 3) Responsibilities toward stakeholders.
- **Procedure**  
At the end of each year, the Company Secretary will send a self-evaluation form to every director, collect the completed forms, and report the summary annually to a Board meeting as an agenda item for acknowledgment and discussion.

### 3. Sub-committee's Self-Evaluation Form

All sub-committees including 1) Audit and Corporate Governance Committee, 2) Nomination and Remuneration Committee and 3) Risk Policy Committee must undertake annual self-evaluation, the outcomes of which are applied to boost their input to support Central Pattana committees' work and each dimension of its business operation.

The "excellent" outcome of the Board, individual Director and Sub-committee performance assessment in 2019 can be summarized as follows:

Evaluation	Outcome (%)
<b>The Board of Directors</b>	
1. The Board of Directors (full board)	99.57
2. The Board of Directors (individual)	98.97
<b>Sub-Committees</b>	
3. Audit and Corporate Governance Committee	100.00
4. Nomination and Remuneration Committee	99.80
5. Risk Policy Committee	97.35

### Evaluation of the CEO's Performance

- **Criteria**

Based on SET's evaluation approach, the CEO evaluation form consists of two key components:

**Component I** Evaluation of the 10 following aspects of

CEO's performance:

- 1) Leadership skills
- 2) Strategic identification skills
- 3) Adherence to strategic plans
- 4) Financial planning and outcomes
- 5) Relationship with the Board
- 6) Relationship with other business entities and other sectors
- 7) Management skills and staff relationship
- 8) Succession plan
- 9) Products and service knowledge
- 10) Personal qualifications.

**Component II** Under the section of CEO Development, CEO's strengths and aspects for further improvements are identified by the Board.

- **Procedure**

The CEO, along with the Nomination and Remuneration Committee, jointly set clear KPIs at the beginning of the year. The Committee then reported to the Board the evaluation criteria, and the Board compared its evaluation with the President's self-assessment. After receiving the President's actual monetary and non-monetary performance, the Board compared it with the KPIs to decide his remuneration. The result of the Board's evaluation in 2019 was 98.83%, higher than the President's own self-assessment, which was 96.58%. These figures represented an "excellent" range.

## Training and Seminars of the Board

The Board valued the continuous development of its directors for greater knowledge and ability to perform their duty. All directors had to attend IOD courses enhancing their directorship. The Company also encouraged their role as members of the Board and sub-committees to develop knowledge and exchange experiences in their respective work and responsibilities through public relations and

coordination to accommodate the participation of all directors in training and seminars, as well as annual invitations to external speakers for an exchange of experience and opinions among the Company's directors and the top management. The training and seminars attended by each director in 2019 were summarized as follows:

### Seminars and Training Courses Attended by Each Director in 2019

Central Pattana trained all directors on "Personal Data Protection Act (PDPA)" on November 7, 2019. The directors also attended other training sessions as follows:

Names	Details	Organization	Date
Mr. Karun Kittisatoporn	• Update on "Economic Outlook"	Dr. Supavud Saicheua, Phatra Securities Plc. Organized by Central Pattana	January 30, 2019
	• Course on "Risk Management Program for Corporate Leaders (RCL) 16/2019"	Thai Institute of Directors	May 2, 2019
Mr. Paitoon Taveebhol	• IOD Special Event (M-SE) 1/2019 on "Board of the Year, Board of the Future"	Thai Institute of Directors	January 18, 2019
	• ID Club Networking (G-ID) 1/2019 on "Treasury Stock"	Thai Institute of Directors	April 3, 2019
	• Seminar on Annual General Meeting (M-AGM) 1/2019	Thai Institute of Directors	May 29, 2019
	• R-IDF-ID Forum 1/2019 on "Tips and Tricks for Dealing with Questions in AGM"	Thai Institute of Directors	June 24, 2019
	• National Director Conference (NDC) 1/2019	Thai Institute of Directors	July 24, 2019
	• Chairman Forum (R-CF) 1/2019 on "Successful Corporate Culture Change: from Policy to Practices"	Thai Institute of Directors	September 25, 2019
	• CAC National Conference (C-Conference) 1/2019 on "Innovations in the Fight against Corruption"	Thai Institute of Directors	October 18, 2019
	• Seminar on "Time to Grow Together"	Thailand Responsible Business Network	December 2, 2019
	• Update on "Driving strategies for Sustainability"	Somboon Advance Technology Plc.	September 19, 2019

Names	Details	Organization	Date
Mrs. Jotika Savanananda	<ul style="list-style-type: none"> <li>Update on “Economic Outlook”</li> </ul>	Dr. Supavud Saicheua, Phatra Securities Plc.	January 30, 2019
Mr. Veravat Chutichetpong	<ul style="list-style-type: none"> <li>Update on “Acknowledgement and Recognition on the Significance of Cyber Security”</li> </ul>	Kiatnakin Bank Plc.	March 7, 2019
	<ul style="list-style-type: none"> <li>Update on “Economic Update”</li> </ul>	Kiatnakin Bank Plc.	July 4, 2019
	<ul style="list-style-type: none"> <li>Update on “National Digital ID, Libra &amp; 5G”</li> </ul>	Kiatnakin Bank Plc.	August 1, 2019
	<ul style="list-style-type: none"> <li>Update on “How the changing global and Thailand’s trends affecting our Business Models”</li> </ul>	Kiatnakin Bank Plc.	November 14, 2019
Mr. Kobchai Chirathivat	<ul style="list-style-type: none"> <li>Update on “Southeast Asia and Thailand’s Internet Economy”</li> </ul>	Central Group	October 30, 2019
Mr. Preecha Ekkunakul	<ul style="list-style-type: none"> <li>Seminar on “Time to Grow Together”</li> </ul>	Thailand Responsible Business Network	December 2, 2019







## Supervision of Subsidiaries and Associated Companies

- **Supervision mechanisms for subsidiaries and associated companies:** Central Pattana specifies efficient corporate governance, risk management and internal control systems in supervising the operation of its subsidiaries and associated companies through applicable rules, regulations and policies. These include clearly defined authorization procedures, operational guidelines and work processes. Under the Company's reporting system, subsidiaries and associated companies are also required to report through their respective lines of command, with periodic submission of reports to the Audit and Corporate Governance Committee and Board of Directors. These mechanisms ensure a harmonized operation of subsidiaries, associated companies and the Company in line with the Company's establishment objectives, which in turn will be a driving force for the achievement of the Company's long-term targets and sustainable growth.

In addition, the Company has arranged for its subsidiaries and associated companies to accurately and comprehensively disclose their material financial information in line with the criteria and procedures announced by SET. Such information includes the financial status and performance of subsidiaries and associated companies, transactions between them and connected parties, the acquisition or disposition of assets, and significant transactions.

The Board stipulated the policy on the Company's Code of Conduct and Corporate Governance principles that the Board must supervise subsidiaries and associated companies in line with the Company's policy and direction to ensure its safe and efficient investment. The Board was required to approve major operations, such as appointment of the Company's representatives as directors, executives, or authorized persons in subsidiaries and joint ventures, scope of duties and responsibilities of the Company's representatives, monitoring accurate, complete disclosure of financial and operation performance, as well as efficient internal control.

- **Shareholders' agreements:** The Company honors the rights of investors, treats all of them equally and collaborates with them in preparing shareholders' agreements specifying clear and fair investment details to forge an accurate and common understanding. Such details include the proportion of shareholding, controlling power, scopes of duties and responsibilities for management, and the distribution of dividends.

## Application of the Corporate Governance Code for Listed Companies 2017 (CG Code)

The Board has considered and reviewed SEC's CG Code and applied it to the Company's business context, while requiring a constant review at least once every year. In 2019 the Board reviewed and approved the policy and principles of good corporate governance as follows:

- Considered, reviewed, and approved the Charter of the Audit and Corporate Governance Committee and appointed the Committee representing the Board in effectively performing corporate governance duties, based on best practices.
- Considered, reviewed, and approved the Charter of the Lead Independent Director and appointed the Lead Independent Director to support the Board on supervising the operations of Central Pattana, subsidiaries, and associated companies, while ensuring that they are in line with corporate governance. The Lead Independent Director will provide checks and balances between the Board and the management to foster stakeholders' confidence that Central Pattana conducts business with fairness and transparency.
- Considered and acknowledged Central Pattana's improved whistleblower process to ensure proper and effective complaint-receiving and complaint-handling mechanisms.

Other guidelines currently not applicable are also considered during the meetings of the Board and related sub-committees. Such consideration was recorded as part of meeting resolutions.

## Compliance with additional CG guidelines

The Company fully observes additional Corporate Governance related guidelines widely recognized, whether in the domestic or the international context. The domestic ones include the CG Code 2017, the evaluation criteria of Corporate Governance Report (CGR) for Listed Companies, AGM Checklist and CAC's criteria, while the international Corporate Governance guidelines are those defined by the likes of the Organisation for Economic Co-operation and Development (OECD), ASEAN Corporate Governance Scorecard and DJSI Sustainability Assessment. Such practices are disclosed in the Company's annual reports under the following topics:

- Sustainability Management
- Sustainability Performance
- Management Structure
- Corporate Governance
- Nomination of Directors and Management
- Remuneration of Directors and Management

# NOMINATION OF DIRECTORS AND MANAGEMENT

## Nomination of Directors

### Criteria for Nomination

The Nomination and Remuneration Committee reviews eligible directors by:

- Allowing the major shareholder, individual shareholders, directors, and executives to nominate directors. The Company allows all shareholders the opportunity to participate in proposing persons for consideration as possible nominees for appointment as a Director of the Company. This is to take place at least three months prior to the end of the financial year, whereby the Company makes the announcement, together with the details of procedure for the nomination and consideration, via the Stock Exchange of Thailand ("SET") through the SET Link system as well as through the Company's website. There was no shareholder proposed any person to be nominated as a director of the Company in 2019.
- Examining the Director Pool of the Thai Institute of Directors Association or other agencies with similar lists.
- Leveraging other channels considered suitable by the Nomination and Remuneration Committee.

Recruitment of directors is the responsibility of Nomination and Remuneration Committee, which screens candidates with qualifications predetermined in Company's articles of association, Charter of the Board, and applicable criteria. These qualifications are summarized below:

- Conformity to all relevant legal requirements, with no record of criminal conviction or that of being penalized nor blacklisted by any organization, including the Securities and Exchange Commission ("SEC")
- Candidates for independent directors must possess SEC-required qualifications
- Board skill matrix comprising knowledge, experience, skills, and relevant expertise in line with the Company's business operation
- Board diversity, including age and gender diversity
- Leadership, vision, ethics, and integrity
- Ability to devote adequate time to their duties (for outgoing directors nominated for reappointment)

After completing the screening process, the names of shortlisted candidates were tabled by the Nomination and Remuneration Committee for the Board's endorsement and finally for the shareholders' appointment under the following methods:

1. In voting for directors, each share carries one vote.
2. Each shareholder must exercise all of his/her voting rights to elect the proposed candidates one by one.
3. The candidates with the top votes and those in descending order will become directors, with the number of successful candidates equal to the number of directors required or to that to be elected at a given meeting. The chairperson of the meeting casts his/her deciding vote if more than one candidate receives equal votes.

In case of a vacant position due to causes other than term completion, the Board must appoint qualified and lawful candidates as replacement directors at the next Board meeting unless the remaining term is shorter than two months. Each replacement serves in such position only for his/her predecessor's remaining term. For the appointment of the replacement, he/she must receive no less than three-quarter of the votes from the remaining directors.

At the 2019 AGM, four directors completed their terms in 2019:

1. Mr. Veravat Chutichetpong  
Independent Director / Member of the Audit Committee
2. Mr. Sudhisak Chirathivat  
Director / Advisory of the Nomination and Remuneration Committee
3. Mr. Kobchai Chirathivat  
Director (Authorized Signature) / Member of the Risk Policy Committee
4. Mr. Prin Chirathivat  
Director (Authorized Signature) / Member of the Risk Policy Committee / Advisory of the Nomination and Remuneration Committee

Shareholders at the 2019 AGM reappointed the four directors for another term.

## Orientation for newly-appointed Directors

CPN had arranged a meeting among new and existing ones, including CPN's management team. An orientation was held to develop a better understanding of their roles and to present Company's business, as follows, to the new directors:

1. CPN's goals, vision, and strategies
2. CPN's group structure, organization chart, and sub-committees
3. CPN's business nature
4. CPN's shareholding structure
5. CPN's policy on connected transactions
6. CPN's performance, recent projects, and projects under construction to provide new directors with adequate basic information to perform their duties efficiently

Additionally, the Company Secretary Office has prepared and provided the following documents to the new directors:

1. Director's manual, consisting of CPN's vision, mission, and values; corporate governance policy; code of conduct for directors, executives, and employees; CPN's Articles of Association; CPN's Memorandum of Association; charters of the Board of Directors and sub committees; manual of listed companies' directors; suggestions for disclosure of information; and applicable laws
2. Company profile
3. Regulations on the CPN's internal information control
4. Regulations on the CPN's securities portfolio
5. Policy on reporting of directors' and executives' vested interests and relevant forms for report preparation
6. Annual reports of the last three years, with information about CPN's business operation and performance, and details on risk management and internal control
7. Board meeting minutes dating back one year
8. Performance reports of the Audit Committee dating back one year
9. Performance reports of the Nomination and Remuneration Committee dating back one year
10. Performance reports of the Risk Policy Committee dating back one year
11. The regular meeting dates of the Board for the entire year

In 2019, there was no orientation because no directors were newly appointed.

## Nomination of Management

### Nomination of President & CEO

The Executive Committee conducts a preliminary screening of qualified candidates with the required competency and experience, and then tables them to the Nomination and Remuneration Committee's consideration and endorsement before submitting the final list to the Board for its consideration.

### Nomination of Management

The President & CEO selects and appoints qualified and competent candidates, possessing knowledge, skills, and experience relevant to the Company's business operation, suitable for each executive position and responsibility. The recruitment will be done under Human Capital Management and Organization Development Department's regulations.

### Succession Plan

The Board oversees the formulation of CPN's succession and development plans for top executives. Emphasis is on the position of President & CEO to ensure business continuity, while developing personnel to competently take important positions through the following procedures:

- The Executive Committee and the CEO jointly formulate succession plans for the positions of Senior Executive Vice President and Executive Vice President, along with determining the skills, knowledge, competency and other qualifications of candidates for the succession plan.
- The CEO oversees the development of candidates' knowledge and competency via assorted methods including training, special assignment, and job rotation to strengthen essential skills and groom them for future positions.
- The CEO reports to the Nomination and Remuneration Committee on the succession plan for management positions and the implementation outcomes of individual development plans for qualified executives at least once a year and when there is any significant change.
- The Nomination and Remuneration Committee reports to the Board on the summary of the implementation outcomes of succession plans for management positions for the Board's acknowledgement at least once a year and when there is any significant change.

## Chapter 24

# REMUNERATION OF DIRECTORS AND MANAGEMENT

## 1. Remuneration of Directors

### Remuneration of Central Pattana's Directors

Central Pattana has considered the remuneration of directors, taking into account both its fairness and appropriateness, which reflects the extent of their responsibilities and performance relative to the Company's overall operational performance and related factors, inclusive of comparisons to remuneration of other companies within the same or similar industry and business sectors as the Company; whereby the Nomination and Remuneration Committee has annually considered from the survey on remuneration of directors undertaken by

the Stock Exchange of Thailand and the Thai Institute of Directors as reference.

In 2019, the Nomination and Remuneration Committee has reviewed and proposed the remuneration of directors to the Board of Directors for consideration and concurrence in submitting it to the 2019 Annual General Meeting of Shareholders on April 26, 2019 for approval with a ceiling of Baht 20,000,000. Details are as follows:

Type of Remuneration	Amount (Baht)
1. Quarterly Retainer (Baht/Quarter)	
- Chairman	165,000
- Chairman of the Audit Committee	133,000
- Member of the Audit Committee	103,000
- Director	85,000
2. Board Meeting Allowance for the Board of Directors (Baht/Meeting)	
- Chairman	60,000
- Director	42,000
3. Meeting Allowance for the Audit Committee (Baht/Meeting)	
- Chairman of the Audit Committee	65,000
- Member of the Audit Committee	50,000
4. Meeting Allowance for the Nomination and Remuneration Committee including Advisory (Baht/Meeting)	
- Chairman of the Nomination and Remuneration Committee	35,000
- Member and Advisory of the Nomination and Remuneration Committee	30,000
5. Meeting Allowance for the Risk Policy Committee (Baht/Meeting)	
- Chairman of the Risk Policy Committee	35,000
- Member of the Risk Policy Committee	30,000
Total Remuneration for the Directors as approved by the shareholders	20,000,000

Remarks: Executive director and management do not receive any remuneration for being members of any sub-committees.

The quarterly retainer for the directors, meeting allowances and bonus based on corporate performance for directors as members of the Board and sub-committees for 2019 totaled Baht 18,966,000, with no benefits in other forms.

## Meeting Attendance and Remuneration of the Directors in 2019

Name of Directors	Position	Meeting Attendance (Meeting)			
		Board of Directors 10 Meetings	Audit and Corporate Governance Committee 11 Meetings	Nomination and Remuneration Committee 4 Meetings	Risk Policy Committee 4 Meetings
1. Mr. Suthichai Chirathivat	Chairman	10/10	-	-	-
2. Mr. Karun Kittisataporn	Lead Independent Director Member of the Audit and Corporate Governance Committee Chairman of the Nomination and Remuneration Committee	9/10	11/11	4/4	-
3. Mr. Paitoon Taveebhol	Independent Director Chairman of the Audit and Corporate Governance Committee Chairman of the Risk Policy Committee	10/10	11/11	-	4/4
4. Mrs. Jotika Savanananda	Independent Director Member of the Audit and Corporate Governance Committee Member of the Nomination and Remuneration Committee	10/10	11/11	4/4	-
5. Mr. Veravat Chutichetpong	Independent Director Member of the Audit and Corporate Governance Committee	10/10	11/11	-	-
6. Mr. Suthikiati Chirathivat	Director	7/10	-	-	-
7. Mr. Sudhisak Chirathivat	Director Advisory of the Nomination and Remuneration Committee	9/10	-	4/4	-
8. Mr. Sudhitham Chirathivat	Director Member of the Nomination and Remuneration Committee	8/10	-	4/4	-
9. Mr. Kobchai Chirathivat	Director Member of the Risk Policy Committee	7/10	-	-	3/4
10. Mr. Prin Chirathivat	Director Member of the Risk Policy Committee Advisory of the Nomination and Remuneration Committee	9/10	-	4/4	4/4
11. Mr. Preecha Ekkunagul	Director Member of the Risk Policy Committee	10/10	-	-	-
Total					

## Remuneration for Directors Serving as Directors of Subsidiaries

Central Pattana governs its subsidiaries' businesses by appointing certain directors to serve as directors of such subsidiaries to ensure shareholders and stakeholders of its oversight of capital investment in the best interests of the Company.

The compensation of Central Pattana's directors serving as directors of subsidiaries comprises monetary compensation, namely the monthly retainer fees and meeting allowances, with no benefits in other forms.



Director Remuneration (Baht)						Total (Baht)
Quarterly Retainer	Meeting Allowance for the Board of Directors	Meeting Allowance for the Audit and Corporate Governance Committee	Meeting Allowance for the Nomination and Remuneration Committee	Meeting Allowance for the Risk Policy Committee	Annual bonus <sup>1</sup>	
660,000	600,000	-	-	-	812,500	2,072,500
412,000	378,000	550,000	140,000	-	747,500	2,227,500
532,000	420,000	715,000	-	140,000	715,000	2,522,000
412,000	420,000	550,000	120,000	-	650,000	2,152,000
412,000	420,000	550,000	-	-	650,000	2,032,000
340,000	294,000	-	-	-	650,000	1,284,000
340,000	378,000	-	120,000	-	650,000	1,488,000
340,000	336,000	-	120,000	-	650,000	1,446,000
340,000	294,000	-	-	90,000	650,000	1,374,000
340,000	378,000	-	120,000	120,000	650,000	1,608,000
340,000	420,000	-	-	-	-	760,000
4,468,000	4,338,000	2,365,000	620,000	350,000	6,825,000	18,966,000

Remark : <sup>1</sup> Annual bonus paid to the directors in 1Q20

The remuneration paid to the directors serving as directors of subsidiaries for 2019 are as follows:

### Grand Canal Land Public Company Limited (“GLAND”)

Name of Directors	Position	Remuneration (Baht)
Mr. Sudhitham Chirathivat	Chairman	822,000
Mr. Preecha Ekkunagul	Director	582,000

## 2. Remuneration of Management

### Remuneration of Central Pattana's Management

For the remuneration of the management, Central Pattana bases its decisions on fairness and suitability for their responsibilities proportionally to company performance and comparison with pay rates of industry peers.

In addition, it takes into account individual performance outcomes against their goals in line with the Company's vision, mission, and annual strategic plans so as to drive the CEO's and the management's long-term contribution to organizational stability and growth. Below are the details.

- **Remuneration for CEO:** The Nomination and Remuneration Committee and the Board of Directors evaluate the performance of the CEO annually to set appropriate remuneration in form of salary and bonuses. Apart from such short-term incentives, to further motivate the CEO's contribution to sustainable management, the Company provides him with additional remuneration corresponding to his long-term performance and term of office.
- **Remuneration of Senior Management:** Each year the CEO assesses the performances of individual members of senior management, the outcomes of which support decisions on their remuneration (salaries and bonuses).

The total remuneration paid to the management for 2019 are as follows:

- **Salaries and Bonuses:** Central Pattana contributed remuneration in form of salaries and bonuses paid to 20 executive management team members in 2019 amounted to Baht 236,625,886.75.
- **Provident Fund:** Central Pattana contributed the Provident Fund paid to 20 executive management team members in 2019 amounted to Baht 12,379,340.90.
- **Employee Joint Investment Program (EJIP):** Board Meeting No. 3/2019 of April 4, 2019, approved the EJIP project to encourage the management's participation in Central Pattana's ownership and nurture performance incentives while retaining the Company's personnel over the long term. Including the silent period, this project spans five years from May 1, 2019, to April 30, 2024.

Eligibility for the project ranges from vice presidents upward to the President & CEO, with at least two years of Company service and performance outcomes as specified by the Company. For those eligible applicants, 5% of their base salary will be deducted each month until the end of their project participation; Central Pattana will in the meantime contribute the same amount each month until the completion of the project payment period. In 2019 a total of 55 executives participated in the project, and Central Pattana paid a total contribution of Baht 6,327,595.50.

### Remuneration for the management serving as directors and executives of subsidiaries

Central Pattana governs its subsidiaries' businesses by appointing its management team members as their directors and management to ensure that their businesses align with Central Pattana's business direction.

The remuneration of the management serving as directors and executives of subsidiaries comprises monetary compensation, namely salary, with no benefits in other forms.

The total remuneration paid to the management for 2019 are as follows:

Name of Company	Management (Persons)	Remuneration (Baht)
Grand Canal Land Public Company Limited ("GLAND")	3	13,680,000
CPN REIT Management Company Limited	2	385,000

## Chapter 25

# CAPITAL STRUCTURE AND DIVIDEND POLICY

Central Pattana's capital structure, as at December 31, 2019, was as follows:

## 1. Capital Structure

<b>Common shares</b>	Authorized share capital	2,244,000,000	THB	Par value	0.50	THB
	Paid-up share capital	2,244,000,000	THB	Share price	62.25	THB
	Number of common shares	4,488,000,000	Shares			

### Unsecured and unsubordinated debentures<sup>1</sup>

Debenture	Credit Rating	Amount (THB mn)	Issuance Date	Tenor (year)	Interest Payment Cycle	Repayment of Principle	Maturity Date	Balance as at Dec 31, 2019
CPN210A	AA	300	12/10/2011	10	Every 3 months	Upon maturity	12/10/2021	300
CPN221A	AA	1,000	02/06/2015	6.6	Once on the maturity date	Upon maturity	12/01/2022	1,000
CPN228A <sup>2</sup>	AA	800	06/08/2015	7	Every 6 months	callable after the 5 <sup>th</sup> year	06/08/2022	800
CPN20DA <sup>2</sup>	AA	800	16/12/2015	5	Every 6 months	callable after the 3 <sup>th</sup> year	16/12/2020	800
CPN21DA <sup>2</sup>	AA	800	16/12/2015	6	Every 6 months	callable after the 4 <sup>th</sup> year	16/12/2021	800
CPN22DA <sup>2</sup>	AA	600	16/12/2015	7	Every 6 months	callable after the 5 <sup>th</sup> year	16/12/2022	600
CPN218A	AA	1,900	08/08/2018	3	Every 6 months	Upon maturity	08/08/2021	1,900
CPN258A	AA	1,000	08/08/2018	7	Every 6 months	Upon maturity	08/08/2025	1,000
CPN225A	AA	1,500	02/05/2019	3	Every 6 months	Upon maturity	02/05/2022	1,500
CPN235A	AA	2,000	02/05/2019	4	Every 6 months	Upon maturity	02/05/2023	2,000
CPN227A	N/A	2,000	18/07/2019	3	Every 6 months	Upon maturity	18/07/2022	2,000
CPN297A	N/A	500	18/07/2019	10	Every 6 months	Upon maturity	18/07/2029	500

Remarks: <sup>1</sup> Average applicable annual loan interest rate of 2.82% per annum

<sup>2</sup> The Issuer has the right to make early redemption in full or in part of the debenture before the maturity date.

Company Financial Ratios following the Debenture's Rights and Conditions	Covenant Ratios	As at Dec 31, 2019
1. Total Debt to Total Shareholders' Equity	Not over 2.50 times	1.11 times
2. Total Interest Bearing Debt to Total Shareholders' Equity <sup>1</sup>	Not over 1.75 times	
2.1 Before deducting cash and cash equivalents, and current investments		0.41 times
2.2 After deducting cash and cash equivalents, and current investments	Not over 1.75 times	0.37 times
3. Total Assets (excluding Secured Debt) to Unsecured Debt	Not less than 1.50 times	4.41 times

Remarks: <sup>1</sup> Excludes amount from related parties

## Shareholders

Central Pattana's shareholding distributions as at December 31, 2019 are:

Shareholders	Shares	Shareholding (%)
Registered Capital	4,488,000,000	100.00
Local Shareholders		
- Juristic persons	1,969,169,980	43.88
- Persons	1,397,303,627	31.13
Total	3,366,473,607	75.01
Foreign Shareholders		
- Juristic persons	1,091,315,442	24.32
- Persons	30,210,951	0.67
Total	1,121,526,393	24.99

Top ten major shareholders as at December 31, 2019 are:\*

Shareholders	Shares	Shareholding (%)
1. CENTRAL HOLDING CO., LTD.**	1,176,343,960	26.21
2. THAI NVDR CO., LTD.	304,460,367	6.78
3. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED***	113,388,977	2.53
4. STATE STREET EUROPE LIMITED***	107,799,064	2.40
5. BBHISL NOMINEES LIMITED***	93,802,300	2.09
6. SOCIAL SECURITY OFFICE	88,730,400	1.98
7. CREDIT SUISSE AG, HONG KONG BRANCH***	73,506,560	1.64
8. UBS AG SINGAPORE BRANCH***	65,893,600	1.47
9. THE BANK OF NEW YORK MELLON***	61,288,423	1.37
10. BANK OF SINGAPORE LIMITED-THB SEG AC***	57,968,648	1.29
Total	2,143,182,230	47.75

Remarks:

\* The top ten shareholders are ranked by Thailand Securities Depository Co., Ltd.

\*\* Shareholding of Chirathivat family.

\*\*\* The Share Registrar is not able to give details of the names of Shareholders; however these nominee accounts do not have any influence over the Company's strategies or operational management.

### Major shareholders who have significant de facto influence on policies or operations of CPN

Since Central Holding Co., Ltd., and members of the Chirathivat family altogether hold approximately 53% of the total shares in CPN, they have significant de facto influence on its policy formulation and operations. This is because 6 out of 11 members of the Board are representatives of these major shareholders.

### Foreign Limit in Shareholding

Central Pattana has set a foreign limit of 30% of the paid-up capital. As at December 31, 2019, foreign investors altogether held 24.99% of Central Pattana's total paid-up capital.

## Directors and executives holding Central Pattana shares in 2019, are as follows

Name	Position	No. of Shares as at January 1, 2019		
		Direct	Indirect <sup>1</sup>	Total
1. Mr. Suthichai Chirathivat	Chairman	3,312,800	22,293,200	25,606,000
2. Mr. Karun Kittisataporn	Lead Independent Director	-	-	-
3. Mr. Paitoon Taveebhol	Independent Director	-	-	-
4. Mrs. Jotika Savanananda	Independent Director	-	-	-
5. Mr. Veravat Chutichetpong	Independent Director	-	-	-
6. Mr. Suthikiati Chirathivat	Director	22,645,900	-	22,645,900
7. Mr. Sudhisak Chirathivat	Director	28,346,400	-	28,346,400
8. Mr. Sudhitham Chirathivat	Director	26,764,600	-	26,764,600
9. Mr. Kobchai Chirathivat	Director	27,105,400	113,000	27,218,400
10. Mr. Prin Chirathivat	Director	42,145,895	192,000	42,337,895
11. Mr. Preecha Ekkunagul	Director, President & CEO	-	3,000	3,000
12. Ms. Wallaya Chirathivat	Deputy Chief Executive Officer	17,199,200	-	17,199,200
13. Mr. Suthipak Chirathivat	Senior Executive Vice President, Office of the President	25,589,600	-	25,589,600
14. Ms. Naparat Sriwanvit	Senior Executive Vice President, Finance, Accounting and Risk Management	54,000	24,000	78,000
15. Mr. Chanavat Uahwatanasakul	Senior Executive Vice President, Development Workgroup	17,504,866	-	17,504,866
16. Mr. Lertvit Pumipitak	Senior Executive Vice President, Property Management	-	-	-
17. Mrs. Suwadee Singngam	Senior Vice President, Accounting and Administration	20,000	48,000	68,000

Remarks: <sup>1</sup> Securities held by a spouse and/or children under the legal age of directors or executive officers.

Changes in No. of Shares Increased/(Decreased) during 2019			No. of Shares as at December 31, 2019			Shareholding (%) as at December 31, 2019
Direct	Indirect <sup>1</sup>	Total	Direct	Indirect <sup>1</sup>	Total	
-	-	-	3,312,800	22,293,200	25,606,000	0.57
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	22,645,900	-	22,645,900	0.50
-	-	-	28,346,400	-	28,346,400	0.63
-	-	-	26,764,600	-	26,764,600	0.60
160,400	10,000	170,400	27,265,800	123,000	27,388,800	0.61
-	-	-	42,145,895	192,000	42,337,895	0.94
12,529	-	12,529	12,529	3,000	15,529	0.00
169,700	-	169,700	17,368,900	-	17,368,900	0.39
100,000	-	100,000	25,689,600	-	25,689,600	0.57
18,317	-	18,317	72,317	24,000	96,317	0.00
70,000	-	70,000	17,574,866	-	17,574,866	0.39
-	-	-	-	-	-	-
4,182	-	4,182	24,182	48,000	72,182	0.00

## 2. Dividend Policy

The policy of Central Pattana is to pay dividends not less than approximately 40% of its operating net profit from consolidated financial statement, except when there is a compelling reason not to. The dividend payment will not exceed the retained earnings in separate financial statement.

The policy of Central Pattana's subsidiaries is to pay dividends when it has net profit and adequate cash flow balance. The dividend payment will depend on the consideration of the Board of Directors and shareholders of the subsidiaries and it will not exceed the retained earnings in financial statement.



# INTERNAL CONTROL

## The Board of Directors' views on Central Pattana's Internal Control System

Recognizing the value of an internal control system that is efficient and adequate, the Board, the Audit and Corporate Governance Committee, and management has instituted such system under the internal control scope of COSO 2013 (The Committee of Sponsoring Organizations of the Treadway Commission). The Internal Audit Office annually assesses the system's adequacy and efficiency to ensure efficiency, effectiveness, and standard operations for all aspects of corporate processes.

In 2019, The Internal Audit Office assessed the adequacy of the system against the Securities and Exchange Commission (SEC)'s assessment form in five aspects: control environment, risk assessment, control activities, information and communication, and monitoring activities. The findings were reported to the Audit and Corporate Governance Committee for concurrence before their forwarding to the Board.

In 2019, the Company organized 11 Audit and Corporate Governance Committee meetings. At each meeting, agenda items concerned the review of internal control adequacy, undertaken through the review process of The Internal Audit Office's and the external auditor's audit outcomes; review of connected transactions; review of the Company's risk management and corporate governance; and provision of essential recommendations for the development and monitoring of management performance as recommended in applicable reports; and review of internal processes for whistleblowing and complaint handling.

The Audit and Corporate Governance Committee Meeting No. 1/2020 of January 10, 2020 was reported on the adequacy assessment for the year 2019's internal control system. The Committee considered the system adequate and suitable. The Board Meeting No. 1/2020 on January 16, 2020 - with four independent directors, being the Audit and Corporate Governance Committee members in attendance - concurred with the Board's resolution that the internal control system was satisfactory and forged sensible confidence in the Company's and subsidiaries' consolidated financial statements (appearing under "Responsibility of the Board of Directors to the Financial Statements") in agreement with the Audit and Corporate Governance Committee's opinions (as stated under "Report of the Audit and Corporate Governance Committee"). The Company was adequately staffed to efficiently comply with the system, while top management relentlessly valued and monitored operations. Also, KPMG Phoomchai Audit Ltd., the external auditor of the quarterly and annual financial statements, provided its views included in its audit report that the consolidated and separate financial statements were materially accurate against financial report standards (as stated under "Independent Auditor's Report").

Significant details can be summarized below:

## 1. Control Environment

Central Pattana's control environment was regarded as suitable, based on the following:

- Consisting those that were knowledgeable and well-versed in business, the Board performed its duties independently from the management. The charters of the Board and its committees were explicitly written, including the Charter of Lead Independent Director, the Charter of the Audit and Corporate Governance Committee, the Charter of the Nomination and Remuneration Committee, the Charter of the Risk Policy Committee, the Charter of the Risk Management Committee, the Charter of the Management Committee, and the Charter of the Executive Committee. These charters enabled the Board and its committees to proceed with efficiency, effectiveness, fairness, and alignment with the Company's corporate governance. Also, in existence was a recruitment and review process for qualifications of the directors and the President & CEO, overseen by the Nomination and Remuneration Committee before forwarding names to the Board for approval.
- Defining in writing the Code of Conduct and Corporate Governance Principles, Anti-corruption Measures, and Supplier Code of Conduct. These were explicitly communicated to the Board, management, employees through training and online education, and to external parties through communications.
- Monitoring and evaluating the compliance with the code of conduct; the management and employees conducted their annual evaluation online, namely the Corporate Governance Individual Assessment (developed by the Excellence and Sustainable Development Department in conjunction with the Company Secretary Office) and the Behavior Assessment (developed by the Human Capital and Organization Development Department under the core value "I•CARE").
- Clear, measurable business goals were defined. Training under assorted curricula were organized, and annual training plans enabled employees to be developed in line with the Company's business strategies. Incentives were provided, and activities were organized for a relaxed workplace atmosphere. In addition, the organization structure underwent transformation to suit the Company's policies, business competition, and prevailing circumstances. Succession plans were in place for key top management positions. Finally, career paths and capability development plans allowed uninterrupted business.
- The Company was evaluated by third parties. Central Pattana became a certified member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since 2015 and must be recertified once every three years. The Company was recertified in 2018 as the corruption risk assessment was conducted, and work processes were improved for suitable and adequate internal control.

## 2. Risk Assessment

The Company commanded risk assessment under the COSO ERM 2017 scope, as detailed under “Risk Factors”. Its overall actions were summarized below:

- Central Pattana’s performance successfully met the requirement of accounting standards verified by a certified external auditor in writing. This reassures the material accuracy of financial reports identifying the rights or obligations of the Company in a transparent and comprehensive manner.
- Risk management came under the oversight of the Risk Policy Committee, with the Risk Management Committee in charge of reviewing and assessing comprehensive risks (internal and external) alongside fraud-corruption risk assessment. Monitoring of risk management actions was also in place at the corporate and departmental levels. Risk Management reported its findings to the Risk Management Committee meetings and Risk Policy Committee meetings on a quarterly basis.
- Communication with employees establish their mastery of risk matters through training on new laws that may significantly affect business operations, such as the Personal Data Protection Act, B.E. 2562 (2019). Guest speakers were invited to the arrangement of training together with seminars on this matter for the top management, executives, and concerned employees, leading to the improvement of relevant work processes in compliance with laws.
- Corporate Strategic Office has identified business model transformation that may affect business operations in order to fine-tune Central Pattana’s strategies and goals under changing circumstances. This includes the assessment of relevant factors and key trends, including the movement of other retail stores alongside the micro- and macro-economic environment. This year the Company has defined a policy emphasizing business beyond just shopping malls, including joint ventures, new investments, and intensifying the digital media to raise income.
- Central Pattana values leadership transformation. The Nomination and Remuneration Committee recruits appropriate persons and oversees succession plans for high-ranking executives, especially the President and CEO, in order to keep business uninterrupted.

## 3. Control Activities

Central Pattana controlled its performance efficiently to mitigate risks to manageable levels. Key activities are summarized below:

- In place were policies and operating procedures for suitable internal control, covering key processes, including transactions with the major shareholder, directors, management, or those related to them. Also, transaction approval procedures existed, including those on finance, purchasing, and general administration, as did proper segregation of duties.
- Defined were an anti-corruption policy and measures, a conflicts of interest management policy, and a policy on related transactions to guide the Company employees’ actions. Such policies were also communicated to business partners and stakeholders via the corporate intranet and website.
- International standards, including ISO 14001, ISO 50001, ISO 20121, and ISO 45001, and information system-related work were complied with. the Company commanded system security control activities through its information security policy and information security standards, contained in the Code of Conduct and Corporate Governance Handbook, audited by IT Audit to improve internal control activities of the information system.

## 4. Information & Communication

Central Pattana commanded an efficient information and communication system, as summarized below:

- The Board defined a policy and procedures for maintaining data confidentiality, integrity, and availability as well as the management of market-sensitive information. It also ensured that the directors, top management, employees, and related third parties comply with data security systems.
- Central Pattana efficiently and systematically managed assorted critical financial and other data for communication in an adequate and timely way for the Board's efficient decision-making. Information communication with the Board occurs ahead of meetings as required by law. This year there were two critical events: a fire at CentralWorld and the entrance blockade at Central Village. The management had professionally performed crisis management and reported to the Board in a timely manner. Employees and external parties were also informed of precise information through diverse channels suitably and timely.
- The Company has adopted both internal and external communication via the Intranet and Central Pattana's website for those interested in its information and news, together with complaint channels for fraud, misconduct, and violation of rules. This year the Company improved its online complaint system, emphasizing privacy and protection of complainants, including more efficient progress updating and monitoring.
- For data security, the Company's key documents are stored systematically and well organized. The Company planned more electronic document storage for fast document search, prevention of document loss, and minimization of paper storage.

## 5. Monitoring Activities

The Company commanded adequately efficient and suitable monitoring system, as summarized below:

- In place was the monitoring to ensure that operating results align with business goals through 10 Board meetings during the year. If performance outcomes differed from such goals, the Company required correction within due time; for this purpose, line superiors monitored progress and regularly reported it to the management through Management Committee meetings.
- In place was regular audit of compliance with the internal control system, conducted by The Internal Audit Office, directly reported to the Audit and Corporate Governance Committee. The Internal Audit Office was continually encouraged to observe work compliance with international standards. It underwent quality assessment by leading third-party assessors once every five years to ensure that the Company's internal audit followed international standards and good practices.
- In place were clear policies and communication channels for the management to promptly report to the Audit and Corporate Governance Committee and the Board. This was communicated under "Anti-corruption Measures" upon discovery of fraud or suspected fraud or in case of violation of laws and other irregular actions.

### Head of Internal Audit

The current Head of Internal Audit is Ms. Nonglak Sriwongphanawes, Vice President, The Internal Audit Office, who gains 18 years of internal audit experience in businesses similar to that of the Company. She possesses good understanding of Central Pattana's activities and operations. The qualifications and experience of the Head of Internal Audit Office appear under "Board and Management Profile".

# CONNECTED TRANSACTIONS

Central Pattana's core business is provision of retail space rental, other relevant businesses, and promotion of the Company's business operation. The long history of success during its business operation is partly due to the fact that Central Pattana is one of business lines within Central Group, the constant leader in retail business. Central Group encompasses various businesses, ranging from department stores, hotels, restaurants, to retail shops of various brands and products, which are anchor and retail tenants within Central Pattana's shopping complexes. It can be said that the alliance businesses within Central Group support Central Pattana to increase its rental rate and build confidence among other prospects to become new tenants. These help guarantee the success of Central Pattana's projects and therefore, the high profits are yielded to Central Pattana shareholders from such mutual relationship explained above. In fact, Central Pattana and Central Group are connected parties, both of which have the Chirathivat family as major shareholders. The Board of Directors and the Audit and Corporate Governance Committee have considered that such alliance businesses create synergies that benefit Central Pattana; thus, it is deemed necessary and reasonable for the Company's maximum benefits. The Board of Directors and Audit and Corporate Governance Committee ensure that the transaction is in compliance with the relevant law, regulations, and rules.

Central Pattana and its subsidiaries conducted transactions with connected parties with potential conflicts of interest, as disclosed financial statements of 2019. Most of the connected transactions were engaged with enterprises in Central Group and the Chirathivat Group as described below:

## Connected Transactions with Related Parties

### 1. Revenue from connected parties

comprises revenue from space rental and utility service fee in shopping complexes, revenue from land rental, and management fees, as well as revenue from other sources, including insurance premiums, property taxes, sales promotion expenses, warrant fees, and other fees for various services collected from connected parties. Total amount of

revenue from connected parties in 2019 was Baht 5,191 million.

### Justification and Rationale for Connected Transactions

Central Pattana's core business is the provision of space for rent and services in shopping complexes, office buildings, residential condominiums, food centers, water parks, and recreational parks located on the premises of shopping complex projects. The Company is also the provider of utility services in shopping complexes. Various businesses in the Central Group are inter-related and complementary of one another, including department stores, supermarkets, retail shops, and various leading branded restaurants. Most of the revenue is earned from doing business under normal business conditions and under general commercial conditions made with the Central Group, with high growth potential and secure financial status. In addition, businesses under popular brands, including department stores, supermarkets, retail shops and restaurants, can draw more customers to Central Pattana's shopping complexes. This, as a consequence, produces higher returns to Central Pattana and its shareholders. The Company's policy on the rates of rental and services collected from connected parties are as follows:

- **Rates of rental, service fees, and utility fees** from space rental in shopping complexes collected from businesses are based on market prices. Compared with other space for rent in the vicinity, or in the same class, Central Pattana's rental rates and service fees are comparable. Rental rates are subject to locations, area sizes, forms, periods, and categories, and are in line with normal business practice following the condition of general trading.
- **Other types of revenue** come from the collection of insurance premiums, property taxes, sales promotion expenses, warrant fees, and other service fees from tenants in shopping complexes. Central Pattana's policy is to standardize revenue collection from both connected parties and general customers, based on the actual cost, space rental category, and the usual business practice following the condition of general trading.
- **Revenue from land lease** occurs at some properties where Central Pattana and other companies in the Central Group have a project on the same piece of land, taking

into account the marketing advantage and the appropriate size of the project. In this case, one of the companies in the Group will act as the buyer or tenant of the whole piece of land from the landlord and will divide the land into various sizes as needed by other companies, and have those companies lease or sub-lease. The rental is the cost plus actual interests or market price which evaluated by the independent appraiser. Furthermore, the Company's assets were evaluated under the Securities and Exchange

Commission ("SEC"), the Stock Exchange of Thailand ("SET") and other related regulators and transactions concerning revenue from land leases are verified by the auditor on an annual basis.

- **Revenue from large space rental in shopping complexes** is agreed at the stage of project design. Rental is derived from the costs of land and construction plus actual interests as well as operating expenses. Transactions in this category are verified by the auditor on an annual basis.

## Details of Revenue Derived from Connected Parties

Detail	Connected Party	Relationship	Transaction Value (Baht million)
1. Central Pattana earns revenue from rental, service fees, utility fees, and other revenue from leasing retail areas in shopping complexes and office building. The transactions in this category occur in the course of normal business following the condition of general trading.	1. Central Retail Group (CRC) <sup>1</sup>	Majority share held by the Chirathivat Group	3,495
	2. Central Online Group (COL) <sup>2</sup>		206
	3 Centara Hotels and Resorts Group (CHR) <sup>3</sup>		106
	4. Central Restaurants Group (CRG) <sup>4</sup>		481
	5. Other businesses <sup>5</sup>	Related parties of Central Pattana serve as major shareholders, directors, management or controlling persons	903
2. Central Pattana has made a sub-lease contract for land and building in the premises of centralwOrld Project <sup>6</sup>			
3. Central Pattana has made a sub-lease contract for part of land in the premises of Central Samui Project <sup>7</sup>			

### Remarks:

<sup>1</sup> CRC manages multi-category retailing platform in categories as follows.

- Fashion: such as department stores and specialty stores (sports apparel and equipment), etc.
- Food: such as convenience stores, supermarkets and hypermarkets, etc.
- Hardline: electronic specialty stores, home & DIY specialty stores, etc.

<sup>2</sup> COL operates stationery shops, bookstores, and online formats, comprising OfficeMate and B2S

<sup>3</sup> CHR operates hotels and resorts in Centara Group.

<sup>4</sup> CRG operates Quick Service Restaurants in various brands such as Mister Donut, KFC, Auntie Anne's, Pepper Lunch, Chabuton, Cold Stone Creamery, Yoshinoya, Ootoya, The Terrace and Tenya, etc.

<sup>5</sup> Other businesses such as Sakura Restaurant, Bar-B-Q Plaza, The Body Shop and Ragazze, etc.

<sup>6</sup> The Thai Business Fund 4 has made a sub-lease contract with Central World Hotel Co., Ltd. for land and building in the premises of centralwOrld Project with land area of 2.53 rai. Under the contract, which is valid for 29 years until December 22, 2032, to use the mentioned land and building for the development of a hotel, a parking lot, and a convention hall. The rental is calculated by the land lease fees and actual costs and paid to Central Pattana into two parts, one of which is the rental that was paid in the year when the agreement was signed and the other is the annual rental.

<sup>7</sup> Central World Co., Ltd. has made a sub-lease contract with Cosi Hotels Co., Ltd. for part of land in the premises of Central Samui Project with land area of 2 rai and 73 square wa to develop hotel business. With the contract ending on September 27, 2043, the sub-leasing duration covers approximately 27 years and 2 months. With rights to extend the sub-leasing duration for another 10 years, the sub-lease covers 37 years and 2 months in total. Central Pattana receives total sub-leasing value worth Baht 62 million throughout the sub-lease period. Such transaction gained approval from the Board of Directors without vested interests in the Meeting No. 5/2016 on August 5, 2016.

## 2. Expenses paid to connected parties

comprise expenses for space rental in shopping complexes, land rental, and management fees. In 2019, Central Pattana paid altogether Baht 1,442 million to connected parties.

## Justification and Rationale for Connected Transactions

- **Rental of land from connected businesses** occurs in projects where Central Pattana and other companies in the Central Group have a joint development plan on the same piece of land, taking into account the marketing advantage and the suitable size of the project. In this case, a company will act as the buyer or tenant of the land from the landlord and will divide the land into different sizes as required for leasing or sub-leasing. The rental will be the cost plus actual interests or market price which evaluated by the independent appraiser. The Company's assets were evaluated under SEC, SET and other related regulators. Transactions in this category are verified by the auditor on an annual basis.
- **Large space rental in shopping complexes** occurs in projects where Central Pattana has a joint investment with a department store in the Central Group. The building will be divided into two parts, the shopping complex and the department store. In some cases, Central Pattana will rent large space in a department store and develop it into a sales area, considering mainly the revenue from rental and service fees compared with the cost of space rental that Central Pattana has to repay the department store. An agreement on the cost of large space rental is reached at the stage of project design under the same criteria as those used for large space rental to connected businesses. Transactions in this category are verified by the auditor on an annual basis.
- **Hiring a connected business as management consultant** Central Pattana's consideration to hire a management consultant is mainly based on its experience in the retail business and the understanding of the nature and strategies of the business. The management fees paid to management consultant, who is also the Company's connected business, are the actual expenses the service provider incurs in its services.
- **The application for insurance with a connected business** is considered the market price and conditions or the best coverage offered from insurance agents by comparing the price in the past two years. In case of only one insurance agent make a quotation, the Company shall consider by comparing the price in the past year, it depends on the conditions and insurance market situation.
- **Hiring of IT infrastructure management with a connected business** for maximum and optimal efficiency in IT infrastructure in the investment, system administration, and personnel development aspects. Savings arise with the economies of scale along with bargaining power over IT transactions. Conditions and service fees are based on actual costs, which are comparable to market rates as well as Central Pattana's administered fees. Every two years, the average fees undergo revisions for baseline fees.

## Details of Expenses paid to Connected Parties

- 2.1 Central Pattana rents land from Harn Central Department Store Co., Ltd. ("HCDS"), a company in Central Group which Chirathivat Group is major shareholder, to launch shopping complexes in Central Ramindra and Central Pinklao projects.
- 2.2 Central Pattana rents parts of the buildings from Central Department Store Co., Ltd. ("CDS"), which Chirathivat Group is major shareholder, in Central Lardprao, Central Pinklao, and Central Rama 3 projects for development into retail areas in addition to the parts where Central Pattana holds land ownership or land rental rights.
- 2.3 Central Pattana sub-rents land and building in Central Lardprao from Central International Development Co., Ltd. ("CID"), which Chirathivat Group is major shareholder (ownership of the land is held by the State Railway of Thailand). Under the sub-lease contract which is valid for 20 years ended on December 18, 2028. Total sub-lease payment that Central Pattana will pay to CID according to the contract is Baht 16,178.32 million. This transaction was approved by the shareholders without vested interests in the EGM No.1/2009 on March 25, 2009.
- 2.4 Central Pattana hired HCDS which Chirathivat Group is major shareholder, to manage the business, provide management consultation, set up policies, and provide recommendations for running businesses. The directors without vested interests and the Audit and Corporate Governance Committee have agreed that the service provided by HCDS is beneficial to Central Pattana's business operation due to HCDS's experience, knowledge and understanding in retail business.



In addition, the offered terms and conditions of the agreement from HCDS are reasonable. The transaction details were disclosed to SET on December 7, 2016.

- 2.5 Centara Hotel and Convention Centre Udon Thani (formerly named "Charoensri Grand Hotel") which Central Pattana acquired accompany with the Central Udon Project (formerly named "Charoensri Plaza") since 2009, hired Central Plaza Hotel Co., Ltd. the subsidiary of CHR, which Chirathivat Group is major shareholder, to manage the hotel. The management fee is according to the market price and comparable to the transaction with the other persons.
- 2.6 Central Pattana has signed a 30-year lease on a plot of land with Vantage Ground Co., Ltd. ("Vantage"), a company in Central Group which Chirathivat Group is a major shareholder, for developing Central Westgate Project. This contract will end on February 17, 2043. Total upfront and annual rental fee, which Central Pattana has to pay to Vantage for the whole duration of the contract, is Baht 5,099 million. This transaction was approved by the shareholders without vested interests in the EGM No.1/2013 on January 18, 2013. The Board of Directors of Central Pattana at its meeting No. 4/2015, dated August 7, 2015, approved the revocation of part of the land lease for Central Westgate Project with Vantage, so that Vantage may sell the land as mentioned to the IKANO Group of companies for IKEA Store construction. In return for this revocation, Vantage has agreed to refund the upfront fee and rental fee paid by Central Pattana under the conditions of the land lease, amounting to about Baht 120 million.
- 2.7 Central Pattana invested in part of the assets under the Central Phuket Festival Project with CDS, a company in Central Group which Chirathivat Group is a major shareholder. This investment consisted of 41-year land subleasing where the project is located, the contract ending on June 6, 2056; a partial lease of the project building (excluding Central Department Store there); and ownership transfer of utility systems, relevant equipment and furniture. Altogether, the compensation for lease, annual rent, and ownership transfer fees that Central

Pattana must pay CDS through the lease period amounts to Baht 9,166 million, which has secured approval from the shareholders without vested interests at the 2015 AGM on April 24, 2015.

- 2.8 Central Pattana sublease land of an estimated area of 4 rai and lease the areas within the Central Department Store in the Central Phuket Festival for estimated 38 years, with the contract ending on June 6, 2056 and purchase/transfer ownership of properties within the relevant buildings of the project from CDS to develop shopping complex at a cost of Baht 1,282 million (with 12% discounted present value). The transaction details were disclosed to SET on August 10, 2018.
- 2.9 Central Pattana purchased some merchandises and services from the businesses in Central Group; from COL such as purchasing office supplies, from CHR such as rental room and service in the hotel included food and beverage, from CRG such as purchasing food and beverage, and other businesses which related parties of Central Pattana are serve as major shareholders, directors, management or controlling persons. The transactions in this category occur according to support normal business and following the fair and at arms' length condition of general trading that comparable to the transaction with the other persons, taking into consideration the best interest of the Company.
- 2.10 Central Pattana took out insurance for shopping complexes and office buildings against any accidents, disasters, and other detrimental incidents with CG Broker Co., Ltd., which Chirathivat Group is major shareholder.
- 2.11 Central Pattana hired RIS Co., Ltd. ("RIS"), a company in Central Group which Chirathivat Group is a major shareholder, to provide IT infrastructural management, namely the procurement and installation of essential IT and communication equipment, namely hardware and software, maintenance and control of applications to efficiently accommodate business applications, and provide troubleshooting through service desks and hardware to Central Pattana.

### 3. Loans between Central Pattana and connected parties

#### Justification and Rationale for Connected Transactions

#### Policies on loans between Central Pattana and connected parties

All loans must comply with the following policies on loans between Central Pattana and connected parties:

- **Central Pattana and subsidiaries (those with 99.99% shares held by Central Pattana)**

Central Pattana allows subsidiaries to borrow from Central Pattana and vice versa if the subsidiaries have working capital surplus and Central Pattana needs such capital. In this case, current accounts are set up with Central Pattana and promissory notes are prepared as evidence with the average interest rate of unsecured debt securities issued by the Company. Connected transaction approvers consist of top management in Finance & Accounting, and the President & CEO, respectively.

- **Central Pattana and joint-venture partners (those with 50 to 99.99% shares held by Central Pattana)**

Central Pattana allows joint-venture partners to secure their own sources of fund. In urgent cases, however, they may borrow from shareholders in proportion to their shareholding in Central Pattana. Approval is needed from the top management in Finance & Accounting, the President & CEO, and the Board of Directors, respectively. In this case, promissory notes are prepared as evidence and with the average interest rate of unsecured debt securities issued by the Company.

- **Central Pattana and associated companies (those with less than 50% shares held by Central Pattana or connected parties)**

Central Pattana has no policy to grant loan to associated companies, with Central Pattana holding less than 50% shares, or connected parties. The Company does not lend associated companies or connected parties, according to Central Pattana's regulations. If a loan is granted to an associated company, approval is needed from the Board of Directors with promissory notes as evidence and with commercial banks' MLR applied.

#### Loans between Central Pattana and connected parties

Description as at December 31, 2019	Amount (Baht million)	Financial Statements of
<b>1. Loans</b>		
1) Loans obtained from subsidiaries <sup>1</sup>	17,967	Central Pattana
2) Loans obtained from related parties <sup>2</sup>	818	Consolidated
<b>2. Loans<sup>3</sup></b>		
1) Loans granted to subsidiaries	22,652	Central Pattana
2) Loans granted to related parties	509	Consolidated

Remarks:

<sup>1</sup> Loans without collaterals are payable on demand and carry interest at the average interest rate of unsecured debt securities issued by the Company.

<sup>2</sup> Loans without collaterals are payable on demand and carry interest at the commercial banks' MLR.

<sup>3</sup> Granting loans without collaterals are payable on demand and carry interest at the average interest rate of unsecured debt securities issued by the Company.

## 4. Guarantees for loans for connected parties

### Justification and Rationale for Connected Transactions

Central Pattana's policy is to provide loan guarantees for its subsidiaries in proportion to its shareholding but has no policy of placing assets for such loan guarantees. However, Central Pattana does provide guarantees as its parent company, and collects commissions from subsidiaries for such guarantees.

Central Pattana had two categories of guarantee obligations to connected parties:

Description as at December 31, 2019	Amount (Baht million)
1. Guarantees for subsidiaries' outstanding loans - Investment project in Malaysia	-
2. Loan ceiling guarantees for subsidiaries' guarantees given to Thai commercial banks	307

### Approval procedure of connected transactions

All transactions with connected businesses or individuals must go through an approval process, as stipulated by the Company's regulations, in the same way as normal transactions. Approvals are given by authorized persons in each duty and responsibility. Each person in charge of and involved in the transaction would have to make reasonable judgment under the normal business practice, taking into account the best interests of the Company and shareholders, like engaging in transactions with outsiders. All transactions with connected parties must also be lawfully conducted to ensure transparency and compliance with the relevant laws, rules, and regulations. The Company has instituted that normal business practice and supporting normal business practice with operation under the condition of general trading set by the Committee are under the jurisdiction of the operational task forces to deliberate the transaction in accordance with the Company's approval procedure. Other transactions are deliberated by its category and size, with the Company Secretary Office taking charge of compliance with SET regulations as well as occasionally collecting and summarizing connected transactions for the Audit and Corporate Governance Committee's acknowledgment. Central Pattana has announced its "Connected Transaction Policy" and communicated to all relevant parties for

compliance. Directors and the management must sign their names at year's end to ensure that no transactions with conflicts of interest occurred in the past year. If there was any, it was done in compliance with SET regulations. Transactions between connected parties and the Company are scrutinized by the Internal Audit Office and the external auditor to ensure the Company's compliance with laws and related regulations.

### Policy or trend for future connected transactions

Since transactions with connected parties represent those conducted in the course of normal business practice, it is expected that connected transactions will continue to take place in the future. Especially for the one related to joint development of shopping complexes with other companies in the Central Group, it is the strong point that helps promote Central Pattana's successful operation and contributed to its market leadership from past to present. The policy or trend for future connected transactions remains committed to the same principle as the previous year, namely following the condition of general trading and taking into account the benefit of the Company and shareholders. Central Pattana's Board has clearly approved the condition of normal trading in the Company's and its subsidiaries' transaction with connected parties for transparent business operation and the operational guidance for related parties as follows:

## 1. Joint Shopping Complex Development with Companies of the Central Group

\*\*\* It is an open principle that has been practiced since the Company was enlisted on SET in 1995 \*\*\*

To develop an integrated shopping complex, it is necessary to have components enhancing the Company's strength. Companies in the Central Group operate related businesses with Central Pattana, such as department store, retail business, and hotels. With their long experience in the industry and strong brand, these companies can enhance the project's credibility, resulting in stronger business operation as well as Company's and shareholders' added value. Below are the characteristics of joint shopping complex development with other companies in the Central Group.

### 1.1 Land Purchase/Sale or Renting/Leasing

Principles: Central Pattana and other companies in the Central Group make a purchase or leasing from outsiders for joint shopping complex development. The process is to have a company buy or rent a whole plot of land from the landlord. Once the project design is completed, that company sells or sub-leases the land to other companies in proportion to each company's need to develop its own project. (Each takes responsibility for its own plot of land.)

Price and condition setting: Cost plus cost of fund

### 1.2 Construction of Shopping Complexes and Department Stores or Business Units (BUs)

Principles: Each holds the ownership of land on which its building is situated. Each is therefore responsible for its own construction cost.

Price and condition setting: actual cost with the independent engineering consultant fairly calculating the construction cost and system according to the proportion of actual area use.

### 1.3 Construction of common areas, comprising car parks and landscape

Principles:

- Central Pattana holds the ownership of the car park and the outer section of shopping complexes. It also takes responsibility for the costs of all common areas, considered part of the service provided to tenants.
- Department stores or BUs jointly take responsibility

for construction according to operational guidance as follows:

- 1) Car parks: At no less than half of the construction costs provided by department stores for customers as required by law
- 2) Common areas: In proportion to the gross area

Price and condition setting: Actual cost – with the independent engineering consultant fairly calculating the construction cost and system according to the proportion of actual area use.

### 1.4 Large Space Rental or Space for Rent in Shopping Complexes

Principles: Central Pattana may rent or rent out large areas of department stores or BUs, and the lease will be agreed at the stage of project design.

Price and condition setting: Cost of land and construction plus cost of fund and operating expense

## 2. Space Rental, Service Fee and Utility Fee

Principle: In charging short-term or long-term rental, service fees or utility fees from various retail businesses under the Central Group or connected parties that rent the retail space for other purposes, the price will be set by comparison with the one for profitable clients. Rental rates are subject to locations, area sizes, rental patterns, periods, and categories. The benefits earned are not only rentals, service fees, and utility fees, but also the potential in business operation, experience and success in joint business from past to present.

Price and condition setting: Set a price by comparing with the one for profitable clients.

"Profitable clients" means clients with high potential, who rent large retail space or in many projects and provide direct or indirect support for the Company's successful operation.

The Central Group conducts connected businesses with various companies and with potential connected transactions. Since its establishment, the Central Group has been potential business alliance and it has provided great support to Central Pattana's successful operation. As a result, Central Pattana remains the source of continually connected transactions. For price and condition deliberation, Central Pattana still takes its best interests into account.

### 3. Fee for Operating Expenses

“Operating Expenses” are insurance premiums, property taxes, promotional expenses, recognizance fees, and service fee collected by tenants

Principle: Asset management incurs operating expenses. In normal business practice, the Company charges these expenses by calculating from the actual operating cost. The rate, in the same standard for general customers, depends on lease categories and space rental patterns.

Price and condition setting: Actual cost

### 4. Insurance/Group Health Insurance

Principle: Comprehensively and equally provide relevant and necessary information for the price offer to each insurance broker. The Committee considers the selection of these brokers. In the process, no connected committee or connected management members can attend the deliberation.

Price and condition setting: Market price or compared price from the price offered by the insurance broker with the most reasonable amount and the most beneficial conditions for the Company. The price can be compared at least two years backward. In case there is no comparable offer, the Company deliberates the approval by comparing prices with those of the previous year, depending on the insurance conditions and market situation during that period.

### 5. Procurement - Employment

“Procurement” means the purchase of materials, equipment or products, including rental or hire purchase

“Employment” means to hire a seller, manufacturer, contractor or organizer to produce, organize, manage, assemble or construct from the beginning stage to completion, including service provision, inclusive service, and transportation.

This includes the package purchase or hiring of a given contractor to construct buildings and install equipment while managing construction project as well.

Principle: Follow the Company’s procurement regulations and process. In selecting the seller or contractor, Central Pattana will proceed with transparency and fairness according to the stated procurement policy. In the process, no connected committee or connected management can attend the deliberation.

Price and condition setting: Market price or compared price from the price offering with the most reasonable amount and the most beneficial conditions for the Company.

# LEGAL DISPUTE

For legal dispute, additional information can be found in the Notes to the Financial Statements as of December 31, 2019.

# Board and Management Profile

## Board of Directors

1.

### Mr. Suthichai Chirathivat

Age 79 Years

Date of Being a Director of the Company March 28, 2000

Chairman of the  
Board of Directors

#### Shareholding in the Company

- Held personally 3,312,800 shares (0.0738%)
- Held by spouse or minor children 22,293,200 shares (0.4967%)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Elder Brother of Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

#### Education

- Diploma in Civil Engineering, Kingston College of Technology, United Kingdom

#### Past Experiences and/or Remarkable Positions

- Year 2013 - Present Chairman of the Board of Directors, Central Group of Companies Co., Ltd.
- Year 2000 - Present Chairman of the Board of Directors, Central Pattana Plc.
- Year 2009 - 2013 Chairman of the Supervisory Board, Central Group of Companies Co., Ltd.

#### Directorship in Other Listed Companies

- Year 1997 - Present Vice Chairman, Central Plaza Hotel Plc.

#### Directorship in Non-listed Companies/Organizations

- 78 companies/organizations

#### Completed Program from Thai Institute of Directors (IOD)

- Year 2006 - Director Accreditation Program (DAP) Class 55/2006

#### Other Training Courses

- None -



## 2.

**Mr. Karun Kittisataporn**

72 Years

Date of Being a Director of the Company April 10, 2009

Lead Independent Director  
 Member of the Audit and Corporate  
 Governance Committee  
 Chairman of the Nomination and  
 Remuneration Committee

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- Diploma, GATT Commercial Policy Course, Geneva, Switzerland
- M.A. in International Trade, Syracuse University, U.S.A.
- B.C.A. (Economics) Victoria University of Wellington, New Zealand

**Past Experiences and/or Remarkable Positions**

- Year 2019 - Present Lead Independent Director, Central Pattana Plc.
- Year 2015 - Present Chairman of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2011 - Present Member of the Audit and Corporate Governance Committee, Central Pattana Plc.
- Year 2017 - 2019 Chairman of the Nomination and Remuneration Committee, Member of the Risk Management Committee, Khon Kaen Sugar Industry Plc.
- Year 2017 - 2019 Member, ASEAN Association - Thailand
- Year 2017 - 2019 Director, Krungsri Foundation
- Year 2013 - 2017 Corporate Governance Committee Member, Khon Kaen Sugar Industry Plc.
- Year 2012 - 2017 Member of the Audit Committee, Khon Kaen Sugar Industry Plc.
- Year 2010 - 2019 Independent Director, Khon Kaen Sugar Industry Plc.
- Year 2010 - 2017 Member of the Nomination and Remuneration Committee, Khon Kaen Sugar Industry Plc.
- Year 2009 - 2019 Independent Director, Central Pattana Plc.
- Year 2009 - 2014 Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2009 - 2011 Commission Member, The Securities and Exchange Commission Board
- Year 2008 - 2019 Chairman of the Nomination and Remuneration Committee, Bank of Ayudhya Plc.
- Year 2008 - 2017 Chairman of the Executive Committee, The Support Arts and Craft International Centre of Thailand (Public Organization)
- Year 2008 - 2011 Director, Public Sector Development Commission
- Year 2007 - 2014 Director, Office of Insurance Commission
- Year 2006 - 2019 Member Committee 6, Council of State
- Year 2001 - 2007 Permanent Secretary, Ministry of Commerce
- Year 2000 Director General, Department of Foreign Trade
- Year 1996 Director General, Department of Business Economics (Department of Trade Negotiations)

**Directorship in Other Listed Companies**

- Year 2019 - Present Chairman, Bank of Ayudhya Plc.
- Year 2008 - Present Independent Director, Bank of Ayudhya Plc
- Year 2008 - Present Independent Director, Member of the Audit Committee, Sahamit Machinery Plc.

**Directorship in Non-listed Companies/Organizations**

- 3 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2019 - Risk Management Program for Corporate Leaders (RCL) 16/2019
- Year 2018 - Board Nomination and Compensation Program (BNCP) 3/2018
- Year 2013 - Anti-Corruption for Executive Program (ACEP) Class 7/2013
- - Monitoring The Internal Audit Function (MIA) Class 15/2013
- Year 2011 - Monitoring the Quality of Financial Reporting (MFR) Class 13/2011
- - Financial Institutions Governance Program (FGP) Class 2/2011
- Year 2009 - Audit Committee Program (ACP) Class 27/2009
- - Financial Statements for Directors (FSD) Class 4/2009
- Year 2008 - Role of the Compensation Committee (RCC) Class 6/2008
- Year 2006 - Director Certification Program (DCP) Class 81/2006

**Other Training Courses**

- The Joint State-Private Sectors Course Class 8, National Defence College

## 3.

**Mr. Paitoon Taveebhol**

Age 69 Years

Date of Being a Director of the Company July 10, 2002

Independent Director  
 Chairman of the Audit and Corporate  
 Governance Committee  
 Chairman of the Risk Policy Committee

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- MBA, Kasetsart University
- B.A. in Accounting, Ramkhamhaeng University
- Certificate in Auditing, Thammasat University

**Past Experiences and/or Remarkable Positions**

- Year 2014 - Present Chairman of the Risk Policy Committee, Central Pattana Plc.
- Year 2002 - Present Independent Director, Chairman of the Audit and Corporate Governance Committee Central Pattana Plc.
- Year 2015 - 2016 Member of the Risk Management Committee, Somboon Advance Technology Plc.
- Year 2018 Independent Director, Zen Corporation Group Co., Ltd.
- Year 2014 - 2018 Chairman of the Board of Directors, Zen Corporation Group Co., Ltd.
- Year 2010 - 2012 Independent Director, Chairman of the Audit Committee, Member of the Corporate Governance Committee, Big C Supercenter Plc.
- Year 2003 - 2005 Managing Director, BT Business Consulting Co., Ltd.
- Year 1998 - 2000 Vice President and Council Member, The Institute of Internal Auditors of Thailand
- Year 1997 - 2000 Managing Director, Arthur Andersen Business Advisory Ltd.
- Year 1991 - 2005 President and Secretary General, The ASEAN Federation of Accountants
- Year 1991 - 2003 Vice President and Council, Member, The Institute of Certified Accountants & Auditors of Thailand
- Year 1975 - 2000 Director and Executive Director, SGV-Na Thalang Co., Ltd.

**Directorship in Other Listed Companies**

- Year 2019 - Present Independent Director, Chairman of the Board of Directors, Zen Corporation Group Plc.
- Year 2016 - Present Chairman of the Enterprise Risk Policy Committee, KCE Electronics Plc.
- Year 2012 - Present Independent Director, Chairman of the Audit Committee, KCE Electronics Plc.
- Year 2008 - Present Independent Director, Chairman of the Nomination and Remuneration Committee, Member of the Audit and CG Committee, Somboon Advance Technology Plc.

**Directorship in Non-listed Companies/Organizations**

- 1 company/organization

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2012 - Anti-Corruption for Executive Program (ACEP) Class 2/2012
- Year 2010 - Monitoring the System of Internal Control and Risk Management (MIR) Class 9/2010
  - Monitoring the Internal Audit Function (MIA) Class 9/2010
  - Role of the Compensation Committee (RCC) Class 10/2010
  - Monitoring the Quality of Financial Reporting (MFR) Class 11/2010
- Year 2009 - Monitoring Fraud Risk Management (MFM) Class 1/2009
- Year 2008 - Chartered Director Class (R-CDC) Class 3/2008
- Year 2005 - Role of the Chairman Program (RCP) Class 11/2005
  - Audit Committee Program (ACP) Class 6/2005
- Year 2003 - Director Certification Program (DCP) Class 38/2003
  - Director Accreditation Program (DAP) Class 4/2003

**Other Training Courses**

- None -

4.

**Mrs. Jotika Savanananda**

Age 59 Years

Date of Being a Director of the Company September 25, 2015

Independent Director  
 Member of the Audit and Corporate  
 Governance Committee  
 Member of the Nomination and  
 Remuneration Committee

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- MBA (Finance and International Business), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- M.S. in Psychology, University of San Francisco, California, U.S.A.
- B.A. in Psychology, University of Minnesota, U.S.A.

**Past Experiences and/or Remarkable Positions**

- Year 2015 - Present Independent Director, Member of the Audit and Corporate Governance Committee, Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2018 Independent Director, Member of the Audit Committee, Member of the Nomination and Remuneration Committee, Zen Corporation Group Co., Ltd.
- Year 2017 - 2018 Director, Life Insurance Fund
- Year 2014 - 2018 Director, Chairman of Audit Committee, Member of Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Year 2014 - 2017 Commission Member, Office of Insurance Commission
- Year 2014 - 2015 Director, Government Housing Bank
- Year 2009 - 2014 President, Chairman of the Investment Committee, Member of the Risk Management Committee, SCB Asset Management Co., Ltd.
- Year 1996 - 2009 Chairman of the Investment Committee, Member of the Risk Management Committee, CEO, TMB Asset Management Co., Ltd.

**Directorship in Other Listed Companies**

- Year 2019 - Present Independent Director, Member of the Audit Committee, Member of the Nomination and Remuneration Committee, Zen Corporation Group Plc.

**Directorship in Non-listed Companies/Organizations**

- 5 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2017 - Corporate Governance for Capital Market Intermediaries (CGI) Class 18/2017
- Year 2015 - Risk Management Committee Program (RMP) Class 6/2015  
- Advanced Audit Committee Program (AACP) Class 18/2015
- Year 2006 - Director Certification Program (DCP) Class 73/2006

**Other Training Courses**

- Capital Market Academy Leadership Program Class 10
- Thailand Insurance Leadership Program Class 5
- The Joint State-Private Sectors Course Class 20, National Defence College

## 5.

**Mr. Veravat Chutichetpong**

Age 59 Years

Date of Being a Director of the Company April 21, 2016

Independent Director  
Member of the Audit and  
Corporate Governance Committee

**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- MBA, Stern School of Business, New York University, U.S.A.
- B.Eng. in Civil Engineering, Chulalongkorn University

**Past Experiences and/or Remarkable Positions**

- Year 2016 - Present Independent Director, Member of the Audit and Corporate Governance Committee, Central Pattana Plc.
- Year 2012 - 2016 Chairman of the Audit Committee, Phatra Securities Plc.
- Year 2012 - 2013 Director, Kiatnakin Bank Plc.
- Year 2010 - 2016 Director, Phatra Capital Plc.
- Year 2008 - 2009 Member of Sub Committee, Social Security Office
- Year 2005 - 2016 Director, Phatra Securities Plc.
- Year 2003 - 2010 Executive Director, Phatra Securities Co., Ltd.
- Year 2003 - 2009 Member of Sub Committee (Take Over Panel), The Securities and Exchange Commission
- Year 2002 - 2003 Executive Director, Merrill Lynch Phatra Securities Co., Ltd.
- Year 1998 - 2002 CEO, Merrill Lynch Phatra Securities Co., Ltd.
- Year 1995 - 1998 Managing Director, Phatra Securities Co., Ltd.
- Year 1994 - 1995 Managing Director, Phatra Thanakit Co., Ltd.

**Directorship in Other Listed Companies**

- Year 2017 - Present Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Kiatnakin Bank Plc.
- Year 2016 - Present Independent Director, Kiatnakin Bank Plc.

**Directorship in Non-listed Companies/Organizations**

- 2 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2016 - Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016
- Year 2005 - Director Accreditation Program (DAP) Class 40/2005

**Other Training Courses**

- None -



## 6.

**Mr. Suthikiati Chirathivat**

Director

Age 77 Years

Date of Being a Director of the Company July 10, 2002

**Shareholding in the Company**

- Held personally 22,645,900 shares (0.5046%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger brother of Mr. Suthichai Chirathivat
- Elder brother of Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- Diploma in Mechanical Engineering, South West Essex Technical College, United Kingdom
- M.A. in Political Science, Ramkhamhaeng University
- B.A. in Political Science, Ramkhamhaeng University

**Past Experiences and/or Remarkable Positions**

- Year 2002 - Present Director, Central Pattana Plc.
- Year 2008 - Present Member of University Council, Ramkhamhaeng University
- Year 2014 - 2018 Honorary Advisor, Thai Hainanese Trade Association
- Year 2014 - 2015 Advisor to Chairman of the Constitutional Court
- Year 2006 - 2008 Advisor to minister, Ministry of Tourism and Sports
- Year 1992 - 1996 Member, Senate
- Year 1991 - 1992 Member, National Legislative Assembly
- Year 1984 - 1988 Association President, Thai Retailers Association

**Directorship in Other Listed Companies**

- Year 2009 - Present Director, Chairman of the Executive Committee, Bangkok Post Plc.
- Year 1993 - Present Chairman, Central Plaza Hotel Plc.

**Directorship in Non-listed Companies/Organizations**

- 69 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2008 - Director Accreditation Program (DAP) Class 68/2008

**Other Training Courses**

- The Joint State-Private Sectors Course Class 1, National Defence College
- The Modern Management Class 1, National Defence College

## 7.

**Mr. Sudhisak Chirathivat**

Age 74 Years

Date of Being a Director of the Company July 10, 2002

Director

Advisory of the Nomination and  
Remuneration Committee**Shareholding in the Company**

- Held personally 28,346,400 shares (0.6316%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger brother of Mr. Suthichai Chirathivat and Mr. Suthikiati Chirathivat
- Elder brother of Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- B.A. in Mathematics, St. John Fisher College, U.S.A.

**Past Experiences and/or Remarkable Positions**

- Year 2007 - Present Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2002 - Present Director, Central Pattana Plc.

**Directorship in Other Listed Companies**

- Year 2006 - Present Chairman, Robinson Plc.
- Year 2003 - Present Director, Central Plaza Hotel Plc.

**Directorship in Non-listed Companies/Organizations**

- 29 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2007 - Director Accreditation Program (DAP) Class 61/2007
- Director Certification Program (DCP) Class 89/2007

**Other Training Courses**

- None -

## 8.

**Mr. Sudhitham Chirathivat**

Age 72 Years

Date of Being a Director of the Company March 1, 1995

Director (Authorized Signature)  
Member of the Nomination and  
Remuneration Committee

**Shareholding in the Company**

- Held personally 26,764,600 shares (0.5964%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger Brother of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat and Mr. Sudhisak Chirathivat
- Elder brother of Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- MBA (Operations Research), Iona University, U.S.A.
- B.S. in Electrical Engineering, University of Maryland (College Park), U.S.A.

**Past Experiences and/or Remarkable Positions**

- Year 2016 - Present Member of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 1995 - Present Director, Central Pattana Plc.
- Year 2011 Director, Big C Supercenter Plc.
- Year 2009 - 2013 Chairman of the Executive Committee, Central Group of Companies Co., Ltd.
- Year 2007 - 2015 Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2006 - 2008 Member, Senate
- Year 2001 - 2003 Advisor to the Ministry of Commerce, The Ministry of Commerce
- Year 1998 - 2002 President and Founder, Thai Shopping Center Association
- Year 1990 - 2002 Managing Director and Chief Executive Officer, Central Pattana Plc.

**Directorship in Other Listed Companies**

- Year 2018 - Present Chairman, Grand Canal Land Plc.
- Year 2015 - Present Independent Director, Member of the Audit Committee, TV Thunder Plc.
- Year 2010 - Present Independent Director, Jasmine International Plc.
- Year 2004 - Present Vice Chairman, Robinson Department Store Plc.
- Year 2003 - Present Director, Central Plaza Hotel Plc.

**Directorship in Non-listed Companies/Organizations**

- 62 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2003 - Director Certification Program (DCP) Class 37/2003

**Other Training Courses**

- The Joint State-Private Sectors Course Class 13, National Defence College

9.

**Mr. Kobchai Chirathivat**

Age 64 Years

Date of Being a Director of the Company March 1, 1995

Director (Authorized Signature)

Member of the Risk Policy Committee

**Shareholding in the Company**

- Held personally 27,265,800 shares (0.6075%)
- Held by spouse or minor children 123,000 shares (0.0027%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- MBA, University of Chicago, Graduate School of Business, U.S.A.
- M.A. in Political Science, University of Notre Dame, U.S.A.
- LL.B. (Law), Chulalongkorn University

**Past Experiences and/or Remarkable Positions**

- Year 2014 - Present Member of the Risk Policy Committee, Central Pattana Plc.
- Year 1995 - Present Director, Central Pattana Plc.
- Year 2012 - 2016 Director, Malee Group Plc.
- Year 2002 - 2013 President & CEO, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- 27 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2001 - Director Certification Program (DCP) Class 7/2001

**Other Training Courses**

- The Joint State-Private Sectors Course Class 21, National Defence College

## 10.

**Mr. Prin Chirathivat**

Age 57 Years

Date of Being a Director of the Company March 1, 1995

Director (Authorized Signature)  
 Member of the Risk Policy Committee  
 Advisory of the Nomination and  
 Remuneration Committee

**Shareholding in the Company**

- Held personally 42,145,895 shares (0.9391%)
- Held by spouse or minor children 192,000 shares (0.0043%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Kobchai Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- MBA (Business Management), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- B.A. in Accounting, Skidmore College, U.S.A.

**Past Experiences and/or Remarkable Positions**

- Year 2014 - Present Member of the Risk Policy Committee, Central Pattana Plc.
- Year 2007 - Present Advisory of the Nomination and Remuneration Committee, Central Pattana Plc.
- Year 2004 - Present Steering Support Committee, Chiangrai Rajabhat University
- Year 1995 - Present Director, Central Pattana Plc.
- Year 2015 - 2016 Director, Thai Chamber of Commerce
- Year 2003 - 2012 Chairman of the Audit Committee, Bualuang Securities Plc.
- Year 1999 - 2012 Director, Malee Group Plc.

**Directorship in Other Listed Companies**

- Year 2012 - Present Member of the Audit Committee, Bumrungrad Hospital Plc.
- Year 2006 - Present Director, Robinson Plc.
- Year 1994 - Present Director Member of Nomination and Compensation Committee, Member of Risk Management and Corporate Governance Committee, Central Plaza Hotel Plc.

**Directorship in Non-listed Companies/Organizations**

- 129 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2018 - Corporate Governance for Capital Market Intermediaries (CGI) Class 20/2018
- Year 2009 - Monitoring Fraud Risk Management (MFM) Class 1/2009  
- Monitoring of the Quality of Financial Reporting (MFR) Class 7/2009
- Year 2007 - Monitoring the Internal Audit Function (MIA) Class 1/2007  
- Monitoring the System of Internal Control and Risk Management (MIR) Class 1/2007
- Year 2005 - Director Accreditation Program (DAP) Class 35/2005  
- Audit Committee Program (ACP) Class 6/2005  
- Role of the Chairman Program (RCP) Class 11/2005
- Year 2000 - Director Certification Program (DCP) Class 2/2000

**Other Training Courses**

- Psychology Workshop Class 73, Institute of Security Psychology
- Graduate Diploma in Management of Public Economy Class 4, King Prajadhipok's Institute
- Capital Market Academy Leadership Program Class 1
- The Programme for Senior Executives on Justice Administration Class 13
- The Joint State-Private Sectors Course Class 22, National Defence College

11.

**Mr. Preecha Ekkunagul**

Age 61 Years

Date of Being a Director of the Company April 25, 2014

Director (Authorized Signature)

Member of the Risk Policy Committee

President &amp; CEO

**Shareholding in the Company**

- Held personally 12,529 shares (0.0002%)
- Held by spouse or minor children 3,000 shares (0.0001%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- M.Eng., Asian Institute of Technology
- B.Sc. in Chemical Engineering, Chulalongkorn University

**Past Experiences and/or Remarkable Positions**

- Year 2014 - Present Director, President & CEO, Member of the Risk Policy Committee, Central Pattana Plc.
- Year 2012 - 2014 Director, Officemate Plc.
- Year 2003 - 2013 Director, Executive Director, President, Robinson Department Store Plc.
- Year 2000 - 2003 President, B2S Co., Ltd.
- Year 2000 - 2003 President, CRC Power Retail Co., Ltd.
- Year 1995 - 2000 Managing Director, Big C Supercenter Plc.

**Directorship in Other Listed Companies**

- Year 2018 - Present Director, Grand Canal Land Plc.

**Directorship in Non-listed Companies/Organizations**

- 36 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2005 - Director Certification Program (DCP) Class 62/2005
- Year 2004 - Director Accreditation Program (DAP) Class 8/2004

**Other Training Courses**

- Capital Market Academy Leadership Program Class 7
- Advanced Management Program, Executive Course, Harvard Business School, Harvard University, U.S.A.



## Management

# 12.

### Ms. Wallaya Chirathivat

Age 58 Years

Deputy Chief Executive Officer

#### Shareholding in the Company

- Held personally 17,368,900 shares (0.3870%)
- Held by spouse or minor children (None)

#### Family Relationship among Directors and Executives as Specified in the SEC Notification

- Younger sister of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat and Mr. Suthipak Chirathivat
- Aunt of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

#### Education

- MBA, University of Hartford, U.S.A.
- B.A. in Business Management, University of California, Los Angeles (UCLA), U.S.A.

#### Past Experiences and/or Remarkable Positions

- Year 2018 - Present Deputy Chief Executive Officer, Central Pattana Plc.
- Year 2017 - Present Director, CPN REIT Management Co., Ltd.
- Year 2011 - 2018 Senior Executive Vice President, Business Development and Project Construction, Central Pattana Plc.
- Year 2005 - 2011 Executive Vice President, Business Development and Project Construction, Central Pattana Plc.
- Year 1998 - 2004 Executive Vice President, Central Retail Corporation Co., Ltd.

#### Directorship in Other Listed Companies

- None -

#### Directorship in Non-listed Companies/Organizations

- 40 companies/organizations

#### Completed Program from Thai Institute of Directors (IOD)

- Year 2018 - Director Certification Program (DCP) Class 251/2018

#### Other Training Courses

- Business Revolution and Innovation Network (BRAIN) Class 2, The Federation of Thai Industries
- Advanced Management Program, Executive Course, Harvard Business School, Harvard University, U.S.A.
- PoompalungPandin Class 3, Chulalongkorn University
- The Joint State-Private Sectors Course Class 25, National Defence College
- Capital Market Academy Leadership Program Class 10

## 13.

**Mr. Suthipak Chirathivat**

Age 58 Years

Senior Executive Vice President,  
Office of the President**Shareholding in the Company**

- Held personally 25,689,600 shares (0.5724%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Younger brother of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat and Mr. Sudhitham Chirathivat
- Elder brother of Ms. Wallaya Chirathivat
- Uncle of Mr. Kobchai Chirathivat, Mr. Prin Chirathivat and Mr. Chanavat Uahwatanasakul

**Education**

- Executive MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Mini MBA, Faculty of Commerce and Accountancy, Chulalongkorn University
- Mini MBA (Property), Faculty of Architecture, Chulalongkorn University
- B.A. in Political Science, Ramkhamhaeng University

**Past Experiences and/or Remarkable Positions**

- Year 2015 - Present Senior Executive Vice President, Office of the President, Central Pattana Plc.
- Year 2009 - 2014 Executive Vice President, Office of the President, Central Pattana Plc.
- Year 2003 - 2008 Executive Vice President, Leasing, Central Pattana Plc.
- Year 2001 - 2002 Senior Vice President, New Business Development, Central Pattana Plc.
- Year 2000 - 2001 Senior Vice President, Leasing & Marketing, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- 22 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2011 - Director Certification Program (DCP) Class 12/2011

**Other Training Courses**

- Advanced Management Program, Executive Course, Harvard Business School, Harvard University, U.S.A.
- The Joint State-Private Sectors Course Class 24, National Defence College
- Capital Market Academy Leadership Program Class 8
- The Executive Program in Energy Literacy for a Sustainable Future (TEA) Class 5
- Politics and Governance in Democratic Systems for Executives (PPR 19), King Prajadhipok's Institute
- Top Executive Program in Commerce and Trade (TEPCoT 10)
- Thammasat World Leadership Program (TWLP 1)
- Business Revolution and Innovation Network (BRAIN) Class 3, The Federation of Thai Industries

14.

**Ms. Naparat Sriwanvit**

Age 47 Years

Senior Executive Vice President, Finance,  
Accounting and Risk Management**Shareholding in the Company**

- Held personally 72,317 shares (0.0016%)
- Held by spouse or minor children 24,000 shares (0.0005%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- Certified Public Accountant (CPA), Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- M.A., Faculty of Commerce and Accountancy, Thammasat University
- B.A., Faculty of Commerce and Accountancy, Chulalongkorn University

**Past Experiences and/or Remarkable Positions**

- Year 2018 - Present Chief Executive Officer (Acting) and Executive Director, Grand Canal Land Plc.
- Year 2017 - Present Director, CPN REIT Management Co., Ltd.
- Year 2015 - Present Senior Executive Vice President, Finance, Accounting and Risk Management, Central Pattana Plc.
- Year 2013 - 2014 Executive Vice President, Finance, Accounting and Risk Management, Central Pattana Plc.
- Year 2012 - 2015 Company Secretary, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- 14 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2019 - Director Certification Program (DCP) Class 276/2562
- Year 2002 - Company Secretary Program (CSP) Class 2/2002

**Other Training Courses**

- Finance for Executives Program, INSEAD Business School, France
- Capital Market Academy Leadership Program Class 26

**Continuing Professional Development in the Accounting Profession (CPD) in 2019**

- TFRS Update and Application Briefing, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King, totaling 7 hours
- Fraud related to basic information technology, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King, totaling 6 hours
- TFRS 63, NYC Management Co., Ltd., totaling 7 hours

15.

**Chanavat Uahwatanasakul**

Age 47 Years

Senior Executive Vice President,  
Development Workgroup**Shareholding in the Company**

- Held personally 17,574,866 shares (0.3916%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- Nephew of Mr. Suthichai Chirathivat, Mr. Suthikiati Chirathivat, Mr. Sudhisak Chirathivat, Mr. Sudhitham Chirathivat, Mr. Suthipak Chirathivat and Ms. Wallaya Chirathivat
- Cousin of Mr. Kobchai Chirathivat and Mr. Prin Chirathivat

**Education**

- M.S. in Finance/Supply Chain Management, Marshall School of Business, University of Southern California, Los Angeles, U.S.A.
- MBA, Marshall School of Business, University of Southern California, Los Angeles, U.S.A.
- B.S. in Industrial Engineering, Chulalongkorn University

**Past Experiences and/or Remarkable Positions**

- Year 2018 - Present Senior Executive Vice President, Development Workgroup, Central Pattana Plc.
- Year 2018 - Present Chairman, GLAND REIT MANAGEMENT Co., Ltd.
- Year 2017 - 2018 Executive Vice President, Business Development, Central Pattana Plc.
- Year 2013 - 2016 Senior Vice President, Development, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- 27 companies/organizations

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2018 - Director Certification Program (DCP) Class 255/2018

**Other Training Courses**

- Advanced Management Program, Harvard Business School, Harvard University, U.S.A.

16.

**Mr. Lertvit Pumipitak**

Age 47 Years

Senior Executive Vice President,  
Property Management**Shareholding in the Company**

- Held personally (None)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- M.S. (Real Estate Business), Thammasat Business School
- B.B.A. (Business Administration), Thammasat University

**Past Experiences and/or Remarkable Positions**

- Year 2019 - Present Senior Executive Vice President, Property Management, Central Pattana Plc.
- Year 2012 - 2018 Senior Executive Vice President, Head of Corporate Business Development, Central Group of Companies Co., Ltd.
- Year 2005 - 2012 Vice President, Land & Location Acquisition, Business Development, Central Group of Companies Co., Ltd.
- Year 1995 - 2005 General Manager, Property Acquisition, Ek-Chai Distribution System Co., Ltd. (Tesco Lotus)

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- None -

**Other Training Courses**

- Advanced Management Program, Harvard Business School, Harvard University, U.S.A.
- Executive Development Program, INSEAD Business School, France
- Leadership Communication Certificate Program, Berkeley Executive Coaching Institute
- Executive Leadership Program - Wharton, NIDA
- Shopping Center Management, International Council of Shopping Centers
- Professional Development, Design & Construction, International Council of Shopping Centers

17.

**Mrs. Suwadee Singngam**

Age 55 Years

Senior Vice President, Accounting  
and Office Management**Shareholding in the Company**

- Held personally 24,182 shares (0.0005%)
- Held by spouse or minor children 48,000 shares (0.0011%)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- MBA, Chulalongkorn University
- B.B.A. (Accounting), Ramkhamhaeng University

**Past Experiences and/or Remarkable Positions**

- Year 2009 - Present Senior Vice President, Accounting and Office Management, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- None -

**Other Training Courses**

- Specialist Bar in Taxation: The Best Practice, ASEAN Law Association
- Executive Financial Management, Department of Accountancy, Chulalongkorn University
- Employee's Choice Ambassadors, Association of Investment Management Companies

**Continuing Professional Development in the Accounting Profession (CPD) in 2019**

- Tax Updates 2019, Central People Development Center Co., Ltd., totaling 7 hours
- Using Excel for Financial Modeling Class 2, Central People Development Center Co., Ltd., totaling 14 hours

18.

**Ms. Ampawee Chompoopongkasem**

Age 42 Years

Date of Being a Company Secretary of the Company May 1, 2016

Vice President, Company Secretary Office, as the Company Secretary

**Shareholding in the Company**

- Held personally 2,293 shares (0.0001%)
- Held by spouse or minor children (None)

**Family Relationship among Directors and Executives as Specified in the SEC Notification**

- None -

**Education**

- M.A. in Managerial Accounting, Chulalongkorn University
- B.A. in Accounting, Kasetsart University

**Past Experiences and/or Remarkable Positions**

- Year 2016 - Present Company Secretary, Central Pattana Plc.
- Year 2003 - 2016 Company Secretary Assistant, Central Pattana Plc.

**Directorship in Other Listed Companies**

- None -

**Directorship in Non-listed Companies/Organizations**

- None -

**Completed Program from Thai Institute of Directors (IOD)**

- Year 2019 - Company Secretary Forum 1/2019:  
"Role of the Company Secretary in Board Engagement" Class 1/2019
- Year 2017 - Open House for Company Secretary (IOH) Class 1/2017  
- Anti-Corruption: The Practical Guide (ACPG) Class 38/2017  
- CGR Workshop 2017: Enhancing Good Corporate Governance based on CGR Scorecard (R-CGW) Class 2/2017  
- Director Briefing 4/2017: The Sleeping Giants of Succession (M-DBT) Class 4/2017
- Year 2013 - Anti-Corruption: The Practical Guide (ACPG) Class 5/2013
- Year 2010 - Board Reporting Program (BRP) Class 4/2010
- Year 2007 - Board Performance Evaluation (CG Workshop) Class 2/2007
- Year 2006 - Developing Corporate Governance Policy (CG Workshop) Class 1/2006

**Other Training Courses**

- Company Secretary Program (FPCS) Class 21, Thai Listed Companies Association
- Corporate Secretary Development Program Class 9, Faculty of Commerce and Accountancy, Chulalongkorn University, and the Thai Listed Companies Association

**Continuing Professional Development in the Company Secretarial Practices in 2019**

- "Human Rights Driven Factors of Listed Companies' Sustainable Competitiveness" in accordance with UN Guiding Principles on Business and Human Rights (UNGPs), The Securities and Exchange Commission, Thailand
- ASEAN CG Scorecard Coaching, The Securities and Exchange Commission, Thailand and Thai Institute of Directors

## 19. Ms. Nonglak Sriwongphanawes

Age 45 Years

Vice President, Internal Audit Office

### Shareholding in the Company

- Held personally 364 shares (0.0000%)
- Held by spouse or minor children (None)

### Family Relationship among Directors and Executives as Specified in the SEC Notification

- None -

### Education

- The Master of Commerce in International Business, The University of New South Wales, Australia
- B.B.A. in Finance and Banking, Assumption University

### Past Experiences and/or Remarkable Positions

- Year 2019 - Present Vice President, Internal Audit Office, Central Pattana Plc.
- Year 2018 - Present Internal Audit, Grand Canal Land Plc.
- Year 2015 - 2019 Assistant Vice President, Internal Audit Office, Central Pattana Plc.
- Year 2011 - 2015 Assistant Vice President, Internal Audit Office, Big C Supercenter Plc.
- Year 2008 - 2011 Senior Manager, Internal Audit Office, Big C Supercenter Plc.

### Directorship in Other Listed Companies

- None -

### Directorship in Non-listed Companies/Organizations

- None -

### Completed Program from Thai Institute of Directors (IOD)

- None -

### Other Training Courses

- Analytical Thinking for Professional Internal Auditors, The Institute of Internal Auditors of Thailand
- Anti-Corruption Synergy to Success, The Institute of Internal Auditors of Thailand
- Internal Audit's Challenge in Value Adding, The Institute of Internal Auditors of Thailand
- The IA Insights: The Professional of Sustainable Development, The Institute of Internal Auditors of Thailand
- IA Core competencies, The Institute of Internal Auditors of Thailand and The Stock Exchange of Thailand
- Fraud Examination, Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Skills for New Auditor-In-Charge, The Institute of Internal Auditors of Thailand
- Endorsed Internal Auditing Program, Chulalongkorn University
- Standards and Techniques of Auditing, The Institute of Internal Auditors of Thailand
- Accountants with the Operating Internal Audit, The Institute of Internal Auditors of Thailand
- Risk management updates for board and senior management, PricewaterhouseCoopers
- CAE Forum - Digitization: Empower IA New GEN, The Institute of Internal Auditors of Thailand

### Continuing Professional Development in the Internal Audit in 2019

- Crafting the Cybersecurity Excellences, ISACA
- IT Future for Capital Market, The Stock Exchange of Thailand



# LIST OF COMMITTEE IN SUBSIDIARIES

Name	Central Pattana Plc	Central Food Avenue Co., Ltd.	Central World Co., Ltd.	Central Pattana Realty Co., Ltd.	Central Pattana Rattanathibet Co., Ltd.	Bangna Central Property Co., Ltd.	Central Pattana Rama 3 Co., Ltd.	Central Pattana Rama 2 Co., Ltd.	Central Pattana Chiangmai Co., Ltd.	Central Pattana Khon Kaen Co., Ltd.	CPN Pattaya Co., Ltd.	Central Pattana Nine Square Co., Ltd.	CPN Residence Co., Ltd.	Central Pattana Development Co., Ltd.	CPN Global Co., Ltd.	CPN City Co., Ltd.	Central Pattana Chonburi Co., Ltd. <sup>1</sup>	CPN Complex Co., Ltd.	CPN Rayong Co., Ltd.	CPN Learning Center Co., Ltd. <sup>1</sup>
1. Mr. Suthichai Chirathivat	•					•														
2. Mr. Karun Kittisataporn	•																			
3. Mr. Paitoon Taveebhol	•																			
4. Mrs. Jotika Savanananda	•																			
5. Mr. Veravat Chutichetpong	•																			
6. Mr. Suthikiati Chirathivat	•																			
7. Mr. Sudhisak Chirathivat	•																			
8. Mr. Sudhitham Chirathivat	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
9. Mr. Kobchai Chirathivat	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
10. Mr. Prin Chirathivat	•	•	•	•	•	•	•	•	•	•		•		•	•	•		•	•	•
11. Mr. Preecha Ekkunagul	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
12. Ms. Wallaya Chirathivat		•	•		•	•	•	•	•	•	•	•	•	•	•	•		•	•	•
13. Mr. Suthipak Chirathivat		•	•	•		•	•		•	•	•	•	•	•	•	•		•	•	•
14. Ms. Napat Sriwanvit																				
15. Mr. Chanavat Uahwatana-sakul							•			•	•			•	•		•		•	•
16. Mrs. Narttaya Chirathivat										•										
17. Flt.Lt. Kree Dejchai										•			•							

Remarks: <sup>1</sup> Company is in process of Liquidation.

[illegible]

# SUMMARY OF ASSOCIATE COMPANIES WITH OWNERSHIP OF 10% OR MORE

Company	Registered Capital (Baht)	Shopping Center
1. Central Food Avenue Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	5,000,000	
2. Central Pattana Realty Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,003,658,000	Central Chonburi
3. Central Pattana Rama 2 Company Limited 160 Rama 2 Rd., Samaedum, Bangkhuntian, BKK 10150 Tel +66 (0) 2866 4300	1,500,000,000	Central Rama 2
4. Central Pattana Chiangmai Company Limited 2 Mahidol Rd., 252-252/1 Wualai Rd., Haiya, Muang, Chiangmai 50100 Tel +66 (0) 5399 9199	1,000,000,000	Central Chiangmai Airport
5. Central Pattana Rattanathibet Company Limited 562, 566 Rattanathibet Rd., Bangkrasor, Muang, Nontaburi 11000 Tel +66 (0) 2834 6000	800,000,000	Central Rattanathibet
6. Central Pattana Rama 3 Company Limited 79 Sathupradit Rd., Chongnonsee, Yannawa, BKK 10120 Tel +66 (0) 2649 6000	324,738,000	Central Rama 3
7. Central Pattana Khon Kaen Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,000,000,000	Central Khonkaen
8. Central Pattana Nine Square Company Limited 9/9 Rama 9 Rd., Huai Khwang, BKK 10310 Tel +66 (0) 2103 5999	3,200,000,000	Central Rama 9
9. Bangna Central Property Company Limited 587, 589 Bangna-Trad Rd., Bangna, BKK 10260 Tel +66 (0) 2763 6000	1,160,563,400	Central Bangna
10. CPN Pattaya Company Limited 999/9, Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,500,000,000	Central Pattaya
11. Central World Company Limited 4, 4/1-4/2, 4/4 Ratchadumri Rd., Patumwan, BKK 10330 Tel +66 (0) 2640 7000	2,511,938,100	Central Udon Central Phitsanulok Central Ubon Central Samui
12. Siam Retail Development Company Limited 587, 589, 589/7-9 Ramindra Rd., Kannayao, BKK 10230 Tel +66 (0) 2947 5000	500,000,000	

Nature of Business					
Food Center	Office	Residential Development	Real Estate Development	Property Investment / Holding Company	Other
Central Chaengwattana Central Pinklao (Partially) Central Bangna					
Central Chonburi				Shopping center and service facilities of Central Lardprao (Partially)	
Central Rama 2					
Central Chiangmai Airport					
Central Rattathibet					
Central Pinklao (Partially) Central Rama 3					
Central Khonkaen					
	Central Rama 9				
	Central Bangna	Central City Residence			Water Pak at Central Bangna
Central Pattaya				Investment in 67.53% of GLAND	Hilton Pattaya Hotel
Central Udon Central Phitsanulok Central Ubon Central Samui					Centara Hotel & Convention Centre Udon Thani
			.		

Company	Registered Capital (Baht)	Shopping Center
13. Square Ritz Plaza Company Limited 587 Ramindra Rd., Kannayao, BKK 10230 Tel +66 (0) 2947 5000	125,000,000	
14. Ayudhya Agrocit Company Limited 3/10 M.17 Bangna-Trad Rd., Bangpleeyai, Bangplee, Samutprakarn 10540 Tel +66 (0) 2399 4510	400,000,000	
15. CPN Retail Growth Leasehold REIT Managed by CPN REIT Management Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	29,653,382,715	
16. CPN Commercial Growth Leasehold Property Fund Managed by SCB Asset Management Company Limited SCB Park Plaza 1, 7 <sup>th</sup> -8 <sup>th</sup> Fl., 18 Ratchadapisek Rd., Chatuchak, BKK 10900 Tel +66 (0) 2949 1500	4,394,381,700	
17. Thai Business Fund 4 Managed by Krung Thai Asset Management Plc. 1 Empire Tower, 32 <sup>nd</sup> Fl., South Sathorn Rd., Yannawa, Sathorn, BKK 10120 Tel +66 (0) 2686 6100	5,443,793,158	
18. CPN Residence Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,600,000	
19. Central Pattana Developmennt Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	700,000,000	Central Chiangrai Central Surat Central Lampang
20. CPN Global Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,500,000,000	
21. CPN City Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,863,485,000	
22. CPN Complex Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	2,341,600,000	
23. CPN Rayong Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000,000	Central Rayong
24. CPN Korat Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000,000	Central Korat

Nature of Business					
Food Center	Office	Residential Development	Real Estate Development	Property Investment / Holding Company	Other
			•		
			•		
				Investment in: Centra Rama 2 Central Rama 3 Central Pinklao Central Chiangmai Airport Central Pattaya Hilton Pattaya Hotel	
				Investment in: The Offices at centralwOrld	
				centralwOrld	
		Residential Development for Sale			
Central Chiangrai Central Surat Central Lampang					
			•	Investment in Other Companies in Malaysia	
			•		
			•		
Central Rayong					
Central Korat					

Company	Registered Capital (Baht)	
		Shopping Center
CPN Residence Khon Kaen Company Limited 25. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	200,000,000	
C.S. City Company Limited 26. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	500,000,000	
CPN Estate Company Limited 27. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
Phenomenon Creation Company Limited 28. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,000,000	
CPN REIT Management Company Limited 29. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	10,000,000	
Vimarn Suriya Company Limited 30. 319 Chamchuri Square, 29 <sup>th</sup> Fl., Phayathai Rd., Patumwan, BKK 10330 Tel +66 (0) 2200 9999	1,100,000,000	
Suanlum Property Company Limited 31. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	172,000,000	
Saladang Property Management Company Limited 32. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,000	
Phraram 4 Development Company Limited 33. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
Dara Harbour Company Limited 34. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	400,000,000	
Synergistic Property Development Company Limited 35. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	465,000,000	
CPN Pattaya Hotel Company Limited 36. 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	200,000,000	

Nature of Business					
Food Center	Office	Residential Development	Real Estate Development	Property Investment / Holding Company	Other
			•		
			•		
			•		
					Theme Park Developer at Central Phuket
					Management of Real Estate Investment Trust (REIT)
			•		
			•		
			•		
			•		
			•		
			•		
					Sub-lessee to conduct a business of Hilton Pattaya Hotel which is under CPNREIT



Company	Registered Capital (Baht)	
		Shopping Center
37. Global Retail Development & Investment Limited 30 <sup>th</sup> Fl., Jardine House One Connaught Place, Central, Hong Kong	HKD 10,000	
38. Global Commercial Property Limited 30 <sup>th</sup> Fl., Jardine House One Connaught Place, Central, Hong Kong	HKD 10,000	
39. CPN Ventures Sdn. Bhd. Unit 30-01, 30 <sup>th</sup> Fl., Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	MYR 10,000,000	
40. Central Plaza i-City Real Estate Sdn. Bhd. Unit 30-01, 30 <sup>th</sup> Fl., Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia	MYR 458,000,000	
41. CPN Residence Management Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	
42. Chanakun Development Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	70,000,000	
43. CPN Village Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	1,000,000	Central Village
44. Dusit Thani Public Company Limited 319 Chamchuri Square, 29 <sup>th</sup> Fl., Phayathai Rd., Patumwan, BKK 10330 Tel +66 (0) 2200 9999	850,000,000	
45. Grand Canal Land Public Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	6,535,484,202	
46. Belle Development Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	2,064,261,300	
47. Belle Assets Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	11,000,000	
48. Sterling Equity Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	1,800,000,000	

Nature of Business					
Food Center	Office	Residential Development	Real Estate Development	Property Investment / Holding Company	Other
			•		
			•		
					Real estate management consulting and corporate services
			•		
					Management of condominium juristic person and housing estate juristic person
			•		
Central Village					
					Operate Hotel Business and Hotel Management Service
	The Ninth Towers				
		Belle Grand Rama 9			
		•			
	Unilever House Grand Rama 9				

Company	Registered Capital (Baht)	
		Shopping Center
49. G Land Property Management Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	1,300,000,000	
50. Rama 9 Square Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	1,900,000,000	
51. Rama 9 Square Hotel Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	16,000,000	
52. GLAND REIT Management Company Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	10,000,000	
53. Ratchada Assets Holding Limited 33/4 Rama IX Rd., Huaykwang, BKK 10310 Tel +66 (0) 2246 2323	6,000,000	
54. Bayswater Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	10,000,000	
55. GLAND Office Leasehold Real Estate Investment Trust SCB Park Plaza 1, 7th-8th Fl., 18 Ratchadapisek Rd., Chatuchak, BKK 10900 Tel +66 (0) 2949 1500	4,558,489,354	
56. Common Ground (Thailand) Company Limited 999/9 Rama I Rd., Patumwan, BKK 10330 Tel +66 (0) 2667 5555	150,000,000	
57. Chipper Global Limited Commence Chambers P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD 65,780,000	
58. Porto Worldwide Limited 2503 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong	USD 199,301,000	
59. CPN and HKL Company Limited 53 Sivatel Tower 12A Floor Unit 12A03-04 Wireless Road Lumpini Sub-district, Pathum Wan District, Bangkok 10330	4,000,000	

Remarks: Central Pattana Chonburi Company Limited and CPN Learning Center Company Limited are in the process of liquidation.

Nature of Business					
Food Center	Office	Residential Development	Real Estate Development	Property Investment / Holding Company	Other
			•		
	G Tower Grand Rama9				
			•		
					Management of Real Estate Investment Trust (REIT)
				Investment in 50% of Bayswater Co., Ltd.	
			•		
				Investment in: The Ninth Towers Unilever House and Parking Areas	
					Co-working Space
			•	Investment in 33% of Porto Worldwide Ltd.	
					Investment in Grab Thailand
			•		

# PROPERTIES UNDER CENTRAL PATTANA

## Shopping Centers

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- 01. Central Lardprao**  
Address : 1693 Phaholyothin Road, Chatuchak, Chatuchak, Bangkok 10900  
Tel : +66 (0) 2793 6000 Fax : +66 (0) 2541 1341
- 02. Central Ramindra**  
Address: 109/10, Ramindra Road, Bangkhen, Bangkok 10220  
Tel: +66 (0) 2790 3000 Fax: +66 (0) 2552 5513
- 03. Central Pinklao**  
Address: 7/222 Baromrachachonnanee Road, Arunamarin, Bangkoknoi, Bangkok 10700  
Tel: +66 (0) 2877 5000 Fax: +66 (0) 2884 8446
- 04. Central Marina**  
Address: 78/54 Moo 9, Pattaya Sai 2 Road, Banglamung, Chonburi 20260  
Tel: +66 (0) 3300 3888 Fax: +66 (0) 3300 3888 ext. 1225-6
- 05. Central Chiangmai Airport**  
Address: 2 Mahidol Road, 252-252/1 Wualai Road, Haiya, Muang Chiang Mai, Chiang Mai 50100  
Tel: +66 (0) 5399 9199 Fax: +66 (0) 5399 9122-3
- 06. Central Rama 3**  
Address: 79 Sathupradit Road, Chongnonsee, Yannawa, Bangkok 10120  
Tel: +66 (0) 2649 6000 Fax: Fax: +66 (0) 2673 6009
- 07. Central Bangna**  
Address: 587, 589 Debaratana Road, Bangna Nuea, Bangna, Bangkok 10260  
Tel: +66 (0) 2763 6000 Fax: +66 (0) 2399 5777
- 08. Central Rama 2**  
Address: 160 Rama 2 Road, Samaedum, Bangkhuntian, Bangkok 10150  
Tel: +66 (0) 2866 4300 Fax: +66 (0) 2872 4560
- 09. centralwOrld**  
Address: 4, 4/1, 4/2, 4/4 Rajdamri Road, Patumwan, Bangkok 10330  
Tel: +66 (0) 2640 7000 Fax: +66 (0) 2255 9767

- 10. Central Rattathibet**  
Address: 68/100, 68/919 Moo 8, Rattathibet Road, Bangkrasor, Muang Nonthaburi, Nonthaburi 11000  
Tel: +66 (0) 2103 5777 Fax: +66 (0) 2526 6092
- 11. Central Chaengwattana**  
Address: 99, 99/9 Moo 2, Chaengwattana Road, Bangtarad, Pak Kret, Nonthaburi 11120  
Tel: +66 (0) 2101 0000 Fax: +66 (0) 2101 1343
- 12. Central Pattaya**  
Address: 333/99 Moo 9, Banglamung, Chonburi 20260  
Tel: +66 (0) 3300 3999 Fax: +66 (0) 3300 3999 ext. 1225-6
- 13. Central Udon**  
Address: 277/1-3, 271/5 Prajaksillapakhom Road, Markkeang, Muangudonthani, Udonthani 41000  
Tel: +66 (0) 4224 9192 Fax: +66 (0) 4224 4639
- 14. Central Chonburi**  
Address: 55/88-89, 55/91 Moo 1, Sa-Med, Muang Chonburi, Chonburi 20000  
Tel: +66 (0) 3300 3333 Fax: +66 (0) 3300 3179
- 15. Central Khonkaen**  
Address: 99, 99/1 Srichan Road, Naimuang, Muang, Khonkaen 40000  
Tel: +66 (0) 4300 1000 Fax: +66 (0) 4300 1209
- 16. Central Chiangrai**  
Address: 99/9 Moo 13, Robwiang, Muang Chiang Rai, Chiang Rai 57000  
Tel: +66 (0) 5202 0999 Fax: +66 (0) 5202 0900
- 17. Central Phitsanulok**  
Address: 9/99 Moo 5 Plaichomphon, Muang Phitsanulok, Phitsanulok 65000  
Tel: +66 (0) 5500 0999 Fax: +66 (0) 5500 0990
- 18. Central Rama 9**  
Address: 9/9 Rama 9 Road, Huai Khwang, Bangkok 10320  
Tel: + 66 (0) 2103 5999 Fax: +66 (0) 2103 5990
- 19. Central Suratthani**  
Address: 88 Moo 10, Watpradu, Muang Suratthani, Suratthani 84000  
Tel: +66 (0) 7796 3555 Fax: +66 (0) 7796 3599

## 20. Central Lampang

Address: 319 Highway Lampang-Ngao Rd., Suandok, Muang, Lampang 52100

Tel: +66 (0) 5401 0555 Fax: +66 (0) 5401 0599

## 21. Central Ubon

Address: 311 Moo 7 Chae Ra Mae, Muang, Ubonratchathani 34000

Tel: +66 (0) 4595 0699 Fax: +66 (0) 4595 0600

## 22. Central Chiangmai

Address: 99, 99/1, 99/2 Moo 4 Superhighway Road, Fa Ham, Muang Chiang Mai, Chiang Mai 50000

Tel: +66 (0) 5399 8999 Fax: +66 (0) 5200 1700

## 23. Central Hatyai

Address: 1518, 1518/1, 1518/2 Kanchanavanid Road, Hatyai, Hatyai, Songkhla 90110

Tel: +66 (0) 7796 3555 Fax: +66 (0) 7796 3599

## 24. Central Samui

Address: 209, 209/1-209/2 Moo 2, Borpud, Samui, Suratthani 84320

Tel: +66 (0) 7796 2777 Fax: +66 (0) 7796 2799

## 25. Central Salaya

Address: 99/19, 99/20 Moo 2, Bangtoey, Sampran, Nakhonpathom 73210

Tel: +66 (0) 3410 0888 Fax: +66 (0) 3410 0899

## 26. Central Rayong

Address: 99, 99/1 Bangna-Trad Road, Chengneun, Muang Rayong, Rayong 21000

Tel: +66 (0) 3301 3333 Fax: +66 (0) 3301 3300

## 27. Central Phuket

### • Central Phuket Festival

Address: 74, 75 Moo 5, Vichit, Muang Phuket, Phuket 83000

Tel: +66 (0) 7629 1111 Fax: +66 (0) 7629 4000

### • Central Phuket Floresta

Address: 199 Moo 4, Vichit, Muang Phuket, Phuket 83000

Tel: +66 (0) 76603 333

## 28. Central Westgate

Address: 199, 199/1, 199/2 Moo 6, Soa Thong Hin, Bang Yai, Nonthaburi 11140

Tel: +66 (0) 2102 7999 Fax: +66 (0) 2102 7900

## 29. Central Eastville

Address: 69, 69/1, 69/2 Praditmanutham Rd., Ladprao, Bangkok 10230

Tel: +66 (0) 2102 5000 Fax: +66 (0) 2102 5099

## 30. Central Nakhon Si

Address: 8, 9/8 Moo 7, Nasan, Phraphrom, Nakhon Si Thammarat 80000

Tel: +66 (0) 7580 3333 Fax: +66 (0) 7580 3399

## 31. Central Korat

Address: 990, 998 Mittraphap-Nong Khai Road, Nai Muang, Muang Nakhon Ratchasima,  
Nakhon Ratchasima 30000

Tel: +66 (0) 4400 1555 Fax: +66 (0) 4400 1599

## 32. Central Mahachai

Address: 98 Moo 4, Na Dai, Muang Samut Sakhon, Samut Sakhon 7400

Tel: +66 (0) 3411 2777 Fax: +66 (0) 3411 2799

## 33. Central i-City

Address: No1, Level B1, I-City, Persiaran Multimedia, Seksyen 7, Shah Alam, Selangor Darul Ehsan.  
Malaysia 40000

Tel: +60 (0) 3 5525 0099

## 34. Central Village

Address: 98 98/1 Moo 5, Bang Chalong, Bang Phli District, Samut Prakan 10540

Tel: +66 (0) 2550 6555

## Offices

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### 01. Lardprao

Address: 1693 Phaholyothin Road, Chatuchak, Chatuchak, Bangkok 10900

Tel: +66 (0) 2793 6000 Fax: +66 (0) 2541 1341

### 02. Pinklao Tower A and Tower B

Address: 7/222 Baromrachachonnanee Road, Arunamarin, Bangkoknoi, Bangkok 10700

Tel: +66 (0) 2877 5000 Fax: +66 (0) 2884 8446



### 03. **Bangna**

Address: 587, 589 Debaratana Road, Bangna Nuea, Bangna, Bangkok 10260

Tel: +66 (0) 2763 6000 Fax: +66 (0) 2399 5777

### 04. **The Offices at centralwOrld**

Address: 999/9 Rama 1 Road, Patumwan, Bangkok 10330

Tel: + 66 (0) 2640 7000 Fax: + 66 (0) 2255 9767

### 05. **Chaengwattana**

Address: 99, 99/9 Moo 2, Chaengwattana Road, Bangtarad, Pak Kret, Nonthaburi 11120

Tel: +66 (0) 2101 0000 Fax: +66 (0) 2101 1343

### 06. **Rama 9**

Address: 9/9 Rama 9 Road, Huai Khwang, Bangkok 10320

Tel: +66 (0) 2103 5999 Fax: +66 (0) 2103 5990

## Hotels

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### 01. **Centara Hotel & Convention Centre Udon Thani**

Address: 212-214 Prajak Sillapakom, Tambon Mak Khaeng, Mueang Udon Thani District, Udon Thani 41000

Tel: + 66 (0) 42 34 3555 Fax: + 66 (0) 42 34 3550

### 02. **Hilton Pattaya Hotel**

Address: 333/101 Moo 9, Nong Prue, Bang Lamung, Chon Buri 20260

Tel: + 66 (0) 38 25 3000 Fax: + 66 (0) 38 25 3001

## Residential Development for Rent

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### 01. **Central City Residence**

Address: 587, 589 Debaratana Road, Bangna Nuea, Bangna, Bangkok 10260

Tel: +66 (0) 2763 6000 Fax: +66 (0) 2399 5777

## Residential Development for Sale

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- 01. ESCENT CHIANGMAI**  
Address: 98 Moo 4 Superhighway Road, Fa Ham, Muang, Chiangmai 50000  
Tel: + 66 (0) 5208 8318
- 02. ESCENT KHONKAEN**  
Address: 199 Naimuang, Muang, Khonkaen 40000  
Tel: + 66 (0) 4304 3600
- 03. ESCENT RAYONG**  
Address: 89 Bangna-Trad Road, Chengneun, Muangrayong, Rayong 21000  
Tel: + 66 (0) 3310 0388
- 04. ESCENT VILLE CHIANGMAI**  
Address: 97 Moo 4 Superhighway Road, Fa Ham, Muang Chiang Mai, Chiang Mai 50000  
Tel: + 66 (0) 5200 1191
- 05. ESCENT VILLE CHIANGRAI**  
Address: 299 Moo 13, Robwiang, Muang Chiang Rai, Chiang Rai 57000  
Tel: + 66 (0) 5202 3588
- 06. ESCENT NAKHONRATCHASIMA**  
Address: 988 Mittraphap-Nong Khai Road, Nai Muang, Muang Nakhon Ratchasima,  
Nakhon Ratchasima 30000  
Tel: + 66 (0) 4400 7995
- 07. PHYLL PHAHOL 34**  
Address: 2018 Phahonyothin 34, Sena Nikhom, Chatuchak, Bangkok 10900  
Tel: + 66 (0) 2550 6874
- 08. NIYHAM BOROMRATCHACHONNANI**  
Address: 62 Borommaratchachonnani, Sala Thammasop, Thawi Watthana, Bangkok 10170  
Tel: + 66 (0) 2119 4646

## Chapter 33

# INFORMATION FOR INVESTORS AND REFERENCE PERSONS

## Central Pattana Public Company Limited

Registered Capital	2,244,000,000	Baht
Issued and Paid-up Capital	2,244,000,000	Baht
Comprising ordinary shares of	4,488,000,000	shares
Par Value of (per share)	0.5	Baht

## Securities Information

Common shares of Central Pattana Public Company Limited were listed and traded on the Stock Exchange of Thailand with "CPN" as the abbreviated Security Name.

## Shareholders' Meeting

The Board of Directors of Central Pattana Public Company Limited agreed to hold the Annual General Meeting of Shareholders ("AGM") 2020 on 29<sup>th</sup> April 2020, at 2.00 pm at World Ball Room 23rd Floor, Centara Grand and Bangkok Convention Centre at centralwOrld, 999/99 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand.

## Investor Relations

### Central Pattana Public Company Limited

31<sup>st</sup> Floor, the Offices at CentralWorld, 999/9  
Rama I Road, Patumwan Sub-District, Patumwan District,  
Bangkok 10330, Thailand  
Telephone: +66 (0) 2667 5555 ext. 1614, 1632, 1688  
E-mail: ir@cpn.co.th Website: www.cpn.co.th

## Dividend Policy

Central Pattana has a policy to pay dividend at a rate of approximately 40% of the annual net profit (unless there is a compelling reason against this).

## Company share prices (CPN) and dividend payments for the past five years (2015-2019)

Year	Highest Price	Lowest Price	Dividend Payment
2015	49.25	39.75	0.70
2016	61.75	43.00	0.83
2017	87.00	53.75	1.40
2018	87.25	68.25	1.10
2019	81.25	58.50	1.30 <sup>1</sup>

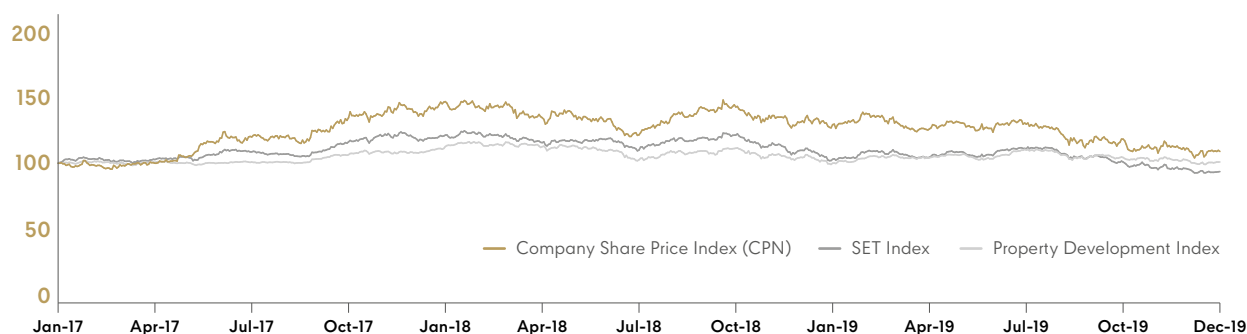
Remark : <sup>1</sup> Subject to an approval from AGM 2020

Unit: Baht/Share

## Movements of Company Share Price Index (CPN) against SET Index and Property Development Index

Change of Share Price Index	3 Years	1 Years
Company Share Price Index (CPN)	-27	-17
SET Index	-10	1
Property Development Index	-24	-24

## 3-year comparison of Company Share Price Index (CPN), SET Index, and Property Development Index (2017 as base-year)



## Investor Relations Activities for 2019

Date	Events
January 14-15, 2019	Non-deal roadshow in Hong Kong, organized by CLSA Securities (Thailand)
January 18, 2019	CEO Forum with local fund manager and analyst in Bangkok, organized by Central Pattana
January 25, 2019	"Thailand Conference" in Bangkok, organized by JP Morgan Securities (Thailand)
February 28, 2019	Analyst Meeting FY2018, organized by Central Pattana
March 1, 2019	Opportunity Day for full year performance (prior year), organized by The Stock Exchange of Thailand
March 4-5, 2019	"Daiwa investment Conference Tokyo 2019" in Tokyo, organized by Daiwa Securities
March 7, 2019	Local Conference "MBKET Real Estate Day" in Bangkok, organized by Maybank Kim Eng Securities (Thailand)
March 18, 2019	"SET Digital Roadshow" in Bangkok, organized by The Stock Exchange of Thailand
March 21-22, 2019	Non-deal roadshow in Singapore, organized by DBS Vickers Securities (Thailand)
April 3, 2019	"Thailand Investment Conference 2019" in Bangkok, organized by Phatra Securities
April 26, 2019	Annual General Meeting of Shareholders Year 2019 at Centara Grand & Bangkok Convention Center
April 29, 2019	Non-deal roadshow in Malaysia, organized by CGS-CIMB Securities (Thailand)
May 17, 2019	Analyst Meeting 1Q19, organized by Central Pattana
May 22, 2019	Opportunity Day for first quarter performance, organized by The Stock Exchange of Thailand
May 30-31, 2019	Non-deal roadshow in Taipei, organized by UOB Securities (Thailand)
May 31, 2019	dbTISCO Thailand Property Sector Corporate Day in Bangkok, organized by Deutsche TISCO Investment Advisory
June 13, 2019	"Thailand Corporate Day" in Hong Kong, organized by Bualuang Securities and Morgan Stanley
July 3, 2019	"Thailand Property and REITs Corporate Day" in Bangkok, organized by DBS Vickers Securities (Thailand)
August 14, 2019	Analyst Meeting 2Q19, organized by Central Pattana
August 16, 2019	Opportunity Day for second quarter performance organized by The Stock Exchange of Thailand
August 19-23, 2019	Non-deal roadshow in USA, organized by DBS Vickers Securities (Thailand)
August 30, 2019	"Thailand Focus 2019" in Bangkok, organized by The Stock Exchange of Thailand
September 17, 2019	"One ASEAN Conference 2019" in Bangkok, organized by UBS Securities (Thailand)
September 26-27, 2019	Non-deal roadshow in Singapore, organized by Phatra Securities
September 27, 2019	"CGS-CIMB Consumer Corporate Day" in Bangkok, organized by CGS-CIMB Securities (Thailand)
November 15, 2019	Analyst Meeting 3Q19, organized by Central Pattana
November 26, 2019	Opportunity Day for third quarter performance organized by The Stock Exchange of Thailand

## Financial Calendar for 2020

Financial Calendar	2020 (Tentative)
Announcement of full year financial results (prior year)	February
Analyst Meeting for full year performance at the Offices at centralwOrld, organized by Central Pattana	February
Analyst Meeting for full year performance (prior year) (Opportunity Day) organized by The Stock Exchange of Thailand	February
The closing date of the shareholders registration book for the rights to attend the AGM	March
The Annual General Meeting of the Shareholders	April
Dividend payment for prior year performance	May
Announcement of first quarter financial results	May
Analyst Meeting for first quarter performance at the Offices at centralwOrld, organized by Central Pattana	May
Analyst Meeting for first quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	May
Announcement of second quarter financial results	August
Analyst Meeting for second quarter performance at the Offices at centralwOrld, organized by Central Pattana	August
Analyst Meeting for second quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	August
Announcement of third quarter financial results	November
Analyst Meeting for third quarter performance at the Offices at centralwOrld, organized by Central Pattana	November
Analyst Meeting for third quarter performance (Opportunity Day) organized by The Stock Exchange of Thailand	November

## Reference Persons

### Registrar of Common Shares

Thailand Securities Depository Co., Ltd.  
93 The Stock Exchange of Thailand Building  
Ratchadapisek Road, Dindaeng,  
Bangkok 10400, Thailand  
Telephone: + 66 (0) 2009 9999  
Facsimile: + 66 (0) 2009 9991

### Debenture Holders Representative

#### Debenture CPN218A and CPN258A

Bank of Ayudhya Public Company Limited 1222  
Rama 3 Road, Bang Phongphang, Yannawa,  
Bangkok 10120, Thailand  
Telephone: + 66 (0) 2296 3582  
Facsimile: + 66 (0) 2683 1298

### Registrar of Unsecured Debentures

#### Debentures CPN225A, CPN235A, CPN227A, and CPN297A

CIMB Thai Bank Public Company Limited  
44 Langsuan Road, Lumpini Sub-District, Pathumwan  
Bangkok 10330, Thailand  
Telephone: + 66 (0) 2626 7503  
Facsimile: + 66 (0) 2626 7542

### Authorized Auditor

KPMG Phoomchai Audit Ltd.  
Ms. Vannaporn Jongperadechanon  
Certified Public Account, Registration No.4098  
50<sup>th</sup> - 51<sup>st</sup> Floor, Empire Tower 1 South Sathon Road,  
Yannawa Sub-District, Sathon Bangkok 10120, Thailand  
Telephone: + 66 (0) 2677 2000  
Facsimile: + 66 (0) 2677 2222

#### Debentures CPN210A

Siam Commercial Bank Public Company Limited  
9 Ratchadapisek Road, Chatuchak  
Bangkok 10900, Thailand  
Telephone: + 66 (0) 2256 2323-8  
Facsimile: + 66 (0) 2256 2406

### Credit Rating and Debenture Rating Company

TRIS Rating Co., Ltd.  
24<sup>th</sup> Floor, Silom Complex Building, 191 Silom Road,  
Silom Sub-District, Bangrak Bangkok 10500, Thailand  
Telephone: + 66 (0) 2098 3000  
Facsimile: + 66 (0) 2231 3012

#### Debentures CPN221A, CPN228A, CPN20DA, CPN21DA, CPN22DA, CPN218A and CPN258A

Bank of Ayudhya Public Company Limited  
1222 Rama 3 Road, Bang Phongphang,  
Yannawa, Bangkok 10120, Thailand  
Telephone: + 66 (0) 2296 3582  
Facsimile: + 66 (0) 2683 1298

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Remarks: Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)





# LR Independent Assurance Statement

## Relating to Central Pattana Public Company Limited's Annual Report (Sustainability part) for the calendar year 2019

This Assurance Statement has been prepared for Central Pattana Public Company Limited's Annual Report (Sustainability part) (CPN) in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance Ltd. (LR) was commissioned by Central Pattana Public Company Limited's Annual Report (Sustainability part) (CPN) to provide independent assurance on its Annual Report (Sustainability part) 2019 "the report" against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LR's verification approach. LR's verification procedure is based on current best practice, is in accordance with ISAE 3000<sup>1</sup> and AA1000 AS and uses the following principles of - inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered CPN's subsidiaries in Thailand under its direct operational control only, and specifically the following requirements:

- Confirming that the report is in accordance with:
  - GRI Standards (2016) and core option
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:<sup>1</sup>
  - Environmental: (GRI 302-1) Energy consumption, (GRI 302-3) Energy intensity, (GRI 303-1) Water withdrawal by sources (GRI 303-3) Water recycled and reused, (GRI 305-1) Direct (Scope 1), (GRI 305-2) Energy indirect (Scope 2), (GRI 305-3) Other indirect (Scope 3) GHG emissions, (GRI 305-4) GHG emissions intensity and (GRI 306-2) Waste by type and disposal methods
  - Social: (GRI 403-2) Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities for all employees, and (GRI 403-1) workers representation in formal joint management-worker health and safety committee.

Our assurance engagement excluded the data and information of CPN's subsidiaries where it has no operational control and all its operations and activities outside of Thailand. Our assurance engagement also excluded the data and information of its suppliers and any third-parties mentioned in the report.

LR's responsibility is only to CPN. LR disclaims any liability or responsibility to others as explained in the end footnote. CPN's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of CPN.

### LR's Opinion

Based on LR's approach nothing has come to our attention that would cause us to believe that CPN has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as no errors or omissions were detected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LR's approach

LR's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing CPN's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this by interviewing CPN's Management who engage directly with stakeholder groups as well as reviewing documents and associated records.

<sup>1</sup> GHG quantification is subject to inherent uncertainty.



- Reviewing CPN's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by CPN and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether CPN makes informed business decisions that may create opportunities which contribute towards sustainable development.
- Auditing CPN's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling process, and systems, including those for internal verification. We also spoke with key people in various departments responsible for compiling the data and drafting the report.
- Sampling of evidences presented at Central Pattaya, Central Udon and Central Westgate to confirm the reliability of the selected topic specific standards.

### Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder Inclusivity:**  
We are not aware of any key stakeholder groups that have been excluded from CPN's stakeholder engagement process. However, we believe that CPN's engagement process should move further to full dialogue with stakeholders.
- **Materiality:**  
We are not aware of any material aspects concerning CPN's sustainability performance that have been excluded from the Report. CPN has processes for determining which issue/aspect is material and that these criteria are not biased to the CPN's management. Hence, CPN also expands to properties development business, therefore the issues regarding construction and real estate sectors should be considered in the future.
- **Responsiveness:**  
CPN have processes for responding to various stakeholder groups. However, we believe that future Reports should provide more information regarding management of changes which will be provide meaningful information to stakeholders, typically for shoppers and employees.
- **Reliability:**  
CPN has a well-defined data management system to consolidate data and information associated with the selected specific topic standards. Maintaining internal verification processes will continually improve the reliability of its reported data and information.

### LR's standards, competence and independence

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Opart Charuratana  
LR Lead Verifier

Dated: 28 February 2020

On behalf of Lloyd's Register Quality Assurance Ltd.  
Lloyd's Register International (Thailand) Limited  
14th Floor, Sirinrat Building, 3388/46 Rama IV Road  
Klongton, Klongtoey, Bangkok 10110 THAILAND

LRQA reference: BGK00000441

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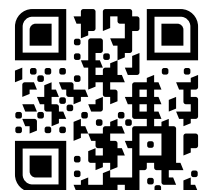
Along with environmental-friendly manufacturing process, this printing media is printed using Green Ocean paper and soy ink. The overall production helps to reduce Kg.CO<sub>2</sub>eq to turning off 344 light bulbs in one day.



# CENTRAL PATTANA

## Central Pattana Public Company Limited

10<sup>th</sup>, 30<sup>th</sup> - 34<sup>th</sup> Floor, The Offices at CentralWorld  
999/9 Rama I Road, Patumwan Sub-District, Patumwan District  
Bangkok 10330, Thailand  
Tel. +66 (0) 2667 5555  
[www.cpn.co.th](http://www.cpn.co.th)





# **CENTRAL**PATTANA

Financial Report  
2019

# Central Pattana Public Company Limited

<b>Location</b>	10 <sup>th</sup> , 30 <sup>th</sup> - 34 <sup>th</sup> Floor, The Offices at CentralWorld, 999/9 Rama I Road, Patumwan Sub-District, Patumwan District, Bangkok 10330, Thailand
<b>Telephone</b>	+66 (0) 2667 5555
<b>Corporate Website</b>	<a href="http://www.cpn.co.th">www.cpn.co.th</a>
<b>Registration No.</b>	0107537002443
<b>Year of Establishment</b>	1980
<b>Business Overview</b>	Develop and invest in retail property for rent comprising large-scale shopping complexes and other related and supportive businesses, such as office buildings, hotels, residential development and food court. In addition, the Company invests in CPN Commercial Growth Leasehold Property Fund (CPNCG) and CPN Retail Growth Leasehold REIT (CPNREIT), and is the property manager and REIT manager.
<b>Securities Information</b>	Common shares of Central Pattana Plc. were listed and traded on the Stock Exchange of Thailand in 1995 under the abbreviated security name of “CPN”.
<b>Registered Capital</b>	Baht 2,244,000,000
<b>Issued and Paid-up Capital</b>	Baht 2,244,000,000 comprising ordinary shares of 4,488,000,000 shares, par value of Baht 0.5 per share
<b>Contacts</b>	<b>Company Secretary</b> Telephone: + 66 (0) 2667 5555 Ext. 1665, 1684, 1685, 1686 and 1687 Email: <a href="mailto:co.secretary@cpn.co.th">co.secretary@cpn.co.th</a>  <b>Investor Relations</b> Telephone: + 66 (0) 2667 5555 Ext. 1614, 1632 and 1688 Email: <a href="mailto:ir@cpn.co.th">ir@cpn.co.th</a>

Investors can obtain further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.cpn.co.th](http://www.cpn.co.th)

# **Financial Report 2019**

CENTRAL PATTANA PUBLIC COMPANY LIMITED

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# RESPONSIBILITY OF THE BOARD OF DIRECTORS TO THE FINANCIAL STATEMENTS

The Board of Directors of Central Pattana Public Company Limited ("the Company") is responsible for the consolidated financial statements of the Company and its subsidiaries as well as financial information as presented in the annual report. The financial statements are prepared in conformity with Thai Financial Reporting Standards (TFRSs) which are appropriately applied on a consistent basis. Conservation judgment and best estimate are adopted in this preparation. In addition, all important information is adequately disclosed in the notes to financial statements.

The Board of Directors has set up and maintained an effective internal control to reasonably ensure that all accounting records are accurate, complete and sufficient to secure its assets. Moreover, all possible weakness could be found to prevent fraud or material unusual transactions.

The Board of Directors has appointed the audit committee which comprises independent directors, to control quality of financial report and internal control system. The opinion of the audit committee on this matter has already been presented in the audit committee report.

The Board of Directors is of an opinion that internal control systems of the Company are in the satisfactory and sufficient level to reasonably build the confidence in the reliability of the consolidated financial statements of the Company and its subsidiaries as of December 31, 2019.



Mr. Suthichai Chirathivat  
Chairman



Mr. Preecha Ekkunagul  
Director  
President & CEO

**Central Pattana Public Company Limited  
and its Subsidiaries**

Financial Statements for the Year Ended 31 December 2019  
and  
Independent Auditor's Report

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Central Pattana Public Company Limited

### *Opinion*

I have audited the consolidated and separate financial statements of Central Pattana Public Company Limited and its subsidiaries (the “Group”) and of Central Pattana Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### *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 Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate 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 those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Business acquisition	
Refer to Notes 2, 3 (a) and 4 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>On 12 September 2018, the Group has acquired the business of Grand Canal Land and its subsidiaries of Baht 10,163 million. During 2019, the Group had completed assessing the fair value of the net assets acquired. Therefore, the Group had controlling interest in the net identifiable net assets acquired and liabilities assumed at acquisition date in total amount of Baht 9,127 million.</p> <p>The accounting for the business acquisition requires judgements on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition comparing with the consideration transferred to the seller. The Group engaged independent appraisers to determine the fair values of assets acquired and liabilities assumed from a business acquisition. Due to the complexity of valuation methodologies and key assumptions involved judgement by management, this is an area of focus for my audit.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- evaluating the qualifications and independence of the independent valuer of the Group;</li> <li>- evaluating the assessment by the Group of the identification of all the assets acquired and liabilities assumed.</li> <li>- evaluating the assets acquired and liabilities assumed from business acquisition by considering appropriateness of the prospective financial information, valuation methodologies and key assumptions including: forecasted growth rate and discounted rate.</li> <li>- testing mathematical calculation; and</li> <li>- considering the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards</li> </ul>

Revenue recognition	
Refer to Note 3 (t) to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Revenue from rental and service are significant amounts in the financial statements. Those revenues are based on a large number of tenancy agreements and service agreements, each with variety of contractual terms and conditions including rental and service discounts given to tenants. Consequently, the accuracy and completeness of revenue recognition relating to tenancy agreements and service agreements are areas of focus for my audit.</p>	<p>Audit procedures included:</p> <ul style="list-style-type: none"> <li>- understanding the revenue recognition process by inquiring these activities with the relevant management and reading a sample of tenancy agreements and service agreements to understand the key contractual terms and conditions to assist in identifying the risks of inappropriate income recognition pertaining to the various revenue streams;</li> <li>- testing of internal control over the revenue process including key manual controls, including but not limited to, the controls on the approval of lease contracts and changes to lease terms and the input of this information to the accounting system, controls on the invoice billings and collection processes, controls on the approval of rental discount granted and credit note issued;</li> </ul>

Revenue recognition	
Refer to Note 3 (t) to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li>- testing of systems-based controls over the revenue process with assistance of KPMG IT specialists including testing of controls over system configuration of rental pricing data and billing process and the linkage to usage data that drives revenue recognition;</li> <li>- testing the recording of revenue from rental and service using a sampling basis and comparing contractual terms and conditions stipulated in the lease agreements with related documents including collection; and</li> <li>- assessing the adequacy of the disclosure in accordance with the related Thai Financial Reporting Standards.</li> </ul>

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements*

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Group's and the Company'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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.



(Vannaporn Jongperadechanon)  
Certified Public Accountant  
Registration No. 4098

KPMG Phoomchai Audit Ltd.  
Bangkok  
20 February 2020

## Central Pattana Public Company Limited and its Subsidiaries

### Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
(in Baht)					
Current assets					
Cash and cash equivalents	6	2,053,237,349	3,021,030,701	649,670,842	2,011,203,777
Current investments	7	1,001,374,831	45,520,769	537,300,004	45,520,769
Trade accounts receivable	5, 8	1,355,706,522	1,278,625,107	997,821,590	837,338,645
Other receivables	5	3,606,333,839	3,168,772,085	1,520,065,160	1,517,268,346
Real estate projects under development	9, 20	8,361,607,398	7,787,315,457	-	-
Short-term loans to related parties	5	-	-	32,176,407	26,016,862
Total current assets		16,378,259,939	15,301,264,119	3,737,034,003	4,437,348,399
Non-current assets					
Restricted bank deposits	20	1,000,000	11,222,888	-	-
Investments in subsidiaries and funds	10	-	-	28,022,904,562	27,620,971,880
Investments in associates	12	7,357,462,849	7,045,707,212	7,886,680,686	7,886,680,686
Investments in joint ventures	12	4,809,159,317	2,853,474,276	287,324,900	232,499,900
Long-term investments in related parties	7	1,557,186,704	1,908,857,872	1,490,936,704	1,842,607,872
Other long-term investments	7	199,188,980	172,924,286	3,092,280	3,138,420
Advance payment for shares	13, 37.2	2,309,616,000	-	2,309,616,000	-
Long-term loans to related parties	5	5,166,689,978	4,518,469,601	23,014,714,771	16,220,408,363
Investment properties	14, 20	104,503,446,798	108,412,457,321	35,146,877,316	41,029,978,438
Property, plant and equipment	15, 20	1,596,512,025	1,646,079,488	464,352,353	392,174,330
Goodwill	4, 16	1,036,491,639	1,036,491,639	-	-
Leasehold rights	17, 20	20,782,536,590	14,085,954,198	11,135,836,612	5,772,809,100
Rights for usage of assets	18	377,196,868	414,568,118	279,839,914	313,353,879
Guarantees for sublease property agreement	5	-	-	9,000,000,000	-
Deferred tax assets	30	2,226,344,210	1,899,878,950	993,043,494	847,923,688
Other non-current assets	5, 19	1,631,942,264	2,400,476,442	241,183,206	193,259,505
Total non-current assets		153,554,774,222	146,406,562,291	120,276,402,798	102,355,806,061
Total assets		169,933,034,161	161,707,826,410	124,013,436,801	106,793,154,460

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



## Central Pattana Public Company Limited and its Subsidiaries

### Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December	31 December	31 December	31 December
Liabilities and equity	Note	2019	2018	2019	2018
		(in Baht)			
<b>Current liabilities</b>					
Short-term loan from financial institutions	20	4,970,000,000	7,948,005,411	3,600,000,000	3,700,000,000
Trade accounts payable	5	1,694,324,758	1,782,454,493	865,741,094	819,274,548
Other payables	5, 21	5,563,848,687	6,180,048,570	2,441,619,212	2,643,149,705
Short-term loans from related parties	5, 20	125,761,218	90,089,296	9,861,746,046	9,694,518,039
Current portion of long-term loans	20	3,769,203,285	2,927,965,861	2,369,203,285	2,405,097,143
Current portion of advance received from rental and service income	5	1,842,399,134	1,720,153,388	232,756,104	153,923,137
Income tax payable		921,155,034	662,266,277	304,363,662	111,556,219
Contractor payables		2,188,285,081	3,272,005,023	689,210,346	1,095,938,949
<b>Total current liabilities</b>		<b>21,074,977,197</b>	<b>24,582,988,319</b>	<b>20,364,639,749</b>	<b>20,623,457,740</b>
<b>Non-current liabilities</b>					
Long-term loans from related parties	5, 20	692,724,451	-	8,105,328,264	12,548,928,693
Other long-term loans	20	24,470,814,350	19,522,147,447	19,480,968,144	12,350,102,857
Accounts payable for leasehold rights	5	-	418,017,667	-	418,017,667
Deferred tax liabilities	30	1,974,785,570	2,035,483,307	-	-
Advance received from rental and service income	5, 34	32,292,675,950	32,310,327,223	3,946,068,786	2,575,968,498
Deposits received from customers	5	8,027,661,841	7,692,519,955	3,760,455,004	3,602,225,127
Provisions for employee benefits	22	649,366,793	461,329,522	517,839,842	364,281,389
Provisions for decommissioning and restoration		287,057,469	275,479,220	287,057,470	275,479,219
Guarantees received for leasehold rights	5	707,362	233,796,711	-	233,088,889
<b>Total non-current liabilities</b>		<b>68,395,793,786</b>	<b>62,949,101,052</b>	<b>36,097,717,510</b>	<b>32,368,092,339</b>
<b>Total liabilities</b>		<b>89,470,770,983</b>	<b>87,532,089,371</b>	<b>56,462,357,259</b>	<b>52,991,550,079</b>

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

## Central Pattana Public Company Limited and its Subsidiaries

### Statement of financial position

		Consolidated financial statements		Separate financial statements	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Liabilities and equity</b>	<i>Note</i>				
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital					
Authorised share capital					
(4,488,000,000 ordinary shares, par value at Baht 0.5 per share)		2,244,000,000	2,244,000,000	2,244,000,000	2,244,000,000
Issued and paid-up share capital					
(4,488,000,000 ordinary shares, par value at Baht 0.5 per share)		2,244,000,000	2,244,000,000	2,244,000,000	2,244,000,000
Premium on ordinary shares	23	8,558,557,850	8,558,557,850	8,558,557,850	8,558,557,850
Retained earnings					
Appropriated to legal reserve	24	224,400,000	224,400,000	224,400,000	224,400,000
Unappropriated		61,457,082,400	55,007,135,395	56,666,056,436	42,987,177,514
Other components of equity	24	(355,632,169)	(308,073,729)	(141,934,744)	(212,530,983)
<b>Equity attributable to owners of the Company</b>		<b>72,128,408,081</b>	<b>65,726,019,516</b>	<b>67,551,079,542</b>	<b>53,801,604,381</b>
Non-controlling interests	11	8,333,855,097	8,449,717,523	-	-
<b>Total equity</b>		<b>80,462,263,178</b>	<b>74,175,737,039</b>	<b>67,551,079,542</b>	<b>53,801,604,381</b>
<b>Total liabilities and equity</b>		<b>169,933,034,161</b>	<b>161,707,826,410</b>	<b>124,013,436,801</b>	<b>106,793,154,460</b>

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

## Central Pattana Public Company Limited and its Subsidiaries

### Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
<b>Income</b>					
Revenue from rent and services	5, 25	31,843,166,597	29,025,855,290	16,222,490,322	15,281,385,583
Revenue from food center services	5, 25	851,460,677	733,018,504	333,825,349	260,516,972
(Total revenue from food center services for consolidated financial statements - 2019: 2,169,480 thousand Baht and 2018: 1,849,088 thousand Baht					
Total revenue from food center services for separate financial statements - 2019: 861,803 thousand Baht and 2018: 666,542 thousand Baht)					
Revenue from hotel operation	25	1,120,527,271	1,207,833,474	-	-
Revenue from sale of real estate	25	2,904,236,972	2,761,736,087	-	-
Investment income	5, 7	187,169,749	115,143,290	15,550,850,092	5,065,987,189
Other income	5, 26	1,683,415,423	1,613,078,936	2,028,045,346	1,676,614,636
<b>Total income</b>		<b>38,589,976,689</b>	<b>35,456,665,581</b>	<b>34,135,211,109</b>	<b>22,284,504,380</b>
<b>Expenses</b>					
Cost of rent and services	5	15,480,793,657	14,143,042,184	8,650,472,549	8,360,132,764
Cost of food center services	5	393,999,648	332,150,484	145,721,989	112,911,128
(Total cost of food center services for consolidated financial statements - 2019: 1,712,019 thousand Baht and 2018: 1,418,220 thousand Baht					
Total cost of food center services for separate financial statements - 2019: 673,700 thousand Baht and 2018: 518,136 thousand Baht)					
Cost of hotel operation		378,503,657	423,005,969	-	-
Cost of sale of real estate		1,833,045,051	1,564,737,158	-	-
Administrative expenses	5	6,838,814,813	6,114,292,602	4,498,908,542	4,218,161,364
Finance costs	5, 29	811,468,750	426,332,773	1,183,462,145	1,184,608,506
<b>Total expenses</b>		<b>25,736,625,576</b>	<b>23,003,561,170</b>	<b>14,478,565,225</b>	<b>13,875,813,762</b>
<b>Share of profit (loss)</b>					
Associates	12	1,340,163,899	1,089,896,163	-	-
Joint ventures	12	(47,905,602)	(102,745,044)	-	-
<b>Profit before income tax expense</b>		<b>14,145,609,410</b>	<b>13,440,255,530</b>	<b>19,656,645,884</b>	<b>8,408,690,618</b>
Tax expense	30	(2,336,357,717)	(2,056,902,384)	(1,041,171,683)	(845,514,108)
<b>Profit for the year</b>		<b>11,809,251,693</b>	<b>11,383,353,146</b>	<b>18,615,474,201</b>	<b>7,563,176,510</b>

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

## Central Pattana Public Company Limited and its Subsidiaries

### Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(176,866,113)	28,946,025	-	-
Gains (losses) on remeasuring available-for-sale investments	30	71,566,027	(220,850,836)	70,596,239	(218,613,739)
Total items that will be reclassified subsequently to profit or loss		(105,300,086)	(191,904,811)	70,596,239	(218,613,739)
Items that will not be reclassified to profit or loss					
Losses on remeasurements of defined benefit plans	30	-	(26,483,672)	-	(13,880,572)
Other comprehensive income (expense) for the year, net of tax		(105,300,086)	(218,388,483)	70,596,239	(232,494,311)
Total comprehensive income for the year		11,703,951,607	11,164,964,663	18,686,070,440	7,330,682,199
Profit attributable to:					
Owners of the parent		11,738,404,950	11,215,652,867	18,615,474,201	7,563,176,510
Non-controlling interests	11	70,846,743	167,700,279	-	-
Profit for the year		11,809,251,693	11,383,353,146	18,615,474,201	7,563,176,510
Total comprehensive income attributable to:					
Owners of the parent		11,690,846,511	10,997,264,384	18,686,070,440	7,330,682,199
Non-controlling interests	11	13,105,096	167,700,279	-	-
Total comprehensive income for the year		11,703,951,607	11,164,964,663	18,686,070,440	7,330,682,199
Basic earnings per share (in Baht)					
	31	2.62	2.50	4.15	1.69

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

## Consolidated financial statements

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

## Consolidated financial statements

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

**Central Pattana Public Company Limited and its Subsidiaries**  
**Statement of changes in equity**

	Note	Separate financial statements				
		Issued and paid share capital	Retained earnings		Other component of equity	Total equity
			Legal reserve	Unappropriated (in Baht)		
<b>Year ended 31 December 2018</b>						
<b>Balance at 1 January 2018</b>		<b>2,244,000,000</b>	<b>8,558,557,850</b>	<b>224,400,000</b>	<b>41,720,969,366</b>	<b>52,754,009,972</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	32	-	-	(6,283,087,790)	-	(6,283,087,790)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(6,283,087,790)</b>	<b>-</b>	<b>(6,283,087,790)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	7,563,176,510	-	7,563,176,510
Other comprehensive income		-	-	(13,880,572)	(218,613,739)	(232,494,311)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>7,549,295,938</b>	<b>(218,613,739)</b>	<b>7,330,682,199</b>
<b>Balance at 31 December 2018</b>		<b>2,244,000,000</b>	<b>8,558,557,850</b>	<b>224,400,000</b>	<b>42,987,177,514</b>	<b>53,801,604,381</b>

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

**Central Pattana Public Company Limited and its Subsidiaries**  
Statement of changes in equity

	Note	Separate financial statements				
		Issued and paid share capital	Share premium	Retained earnings		Other component of equity
				Legal reserve	Unappropriated (in Baht)	
Year ended 31 December 2019						
Balance at 1 January 2019		2,244,000,000	8,558,557,850	224,400,000	42,987,177,514	(212,530,983) 53,801,604,381
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Dividends to owners of the Company	32	-	-	-	(4,936,595,279)	- (4,936,595,279)
Total transactions with owners, recorded directly in equity		-	-	-	(4,936,595,279)	- (4,936,595,279)
Comprehensive income for the year						
Profit		-	-	-	18,615,474,201	- 18,615,474,201
Other comprehensive income		-	-	-	-	70,596,239 70,596,239
Total comprehensive income for the year		-	-	-	18,615,474,201	70,596,239 18,686,070,440
Balance at 31 December 2019		2,244,000,000	8,558,557,850	224,400,000	56,666,056,436	(141,934,744) 67,551,079,542

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



## Central Pattana Public Company Limited and its Subsidiaries

### Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2019	2018	2019	2018
	(in Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	11,809,251,693	11,383,353,146	18,615,474,201	7,563,176,510
<i>Adjustments to reconcile profit (loss) to cash receipts (payment)</i>				
Real estate projects under development decrease from transfer to cost of sale	1,833,045,051	1,564,737,158	-	-
Depreciation and amortisation expenses	7,116,898,885	5,905,735,427	3,126,548,615	3,019,600,997
Investment income	(187,169,749)	(115,143,290)	(15,550,850,092)	(5,065,987,189)
Finance costs	811,468,750	426,332,773	1,183,462,145	1,184,608,506
(Reversal) bad debt and doubtful debts expenses	(15,505,315)	34,496,992	(5,797,787)	27,112,921
Write-off of investment properties	56,981,896	3,890,492	10,097,854	1,003,589
Gain on sale of long-term investments from related parties	(48,941,617)	(7,673,576)	(48,941,617)	(7,673,576)
Gain on sale of current investment	(6,773,793)	(16,403,862)	(6,449,377)	(16,403,862)
(Gain) loss on sales of assets	(1,651,964)	(3,504,608)	1,940,977	(2,548,062)
Recognition of advance received from rental and service income	(1,878,052,127)	(1,640,018,757)	(221,307,371)	(175,350,835)
Provision for employee benefits	201,691,121	56,735,638	161,729,789	41,667,732
Share of profit of associates and joint ventures	(1,295,501,982)	(987,151,119)	-	-
Unrealised loss on exchange rate	33,609,677	74,956	-	-
Gain on fair value adjustment of forward contracts	192,118,451	-	-	-
Tax expense	2,336,357,717	2,056,902,384	1,041,171,683	845,514,108
	20,957,826,694	18,662,363,754	8,307,079,020	7,414,720,839
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(61,576,100)	75,037,114	(154,685,158)	14,388,903
Other receivables	(557,802,649)	201,745,226	(371,507,438)	(116,385,138)
Real estate projects under development	(1,981,901,213)	(1,362,139,329)	-	-
Other non-current assets	614,300,093	(919,442,407)	(77,065,754)	(40,639,756)
Trade accounts payable	(200,036,003)	(143,915,969)	46,466,546	224,442,115
Other payables	(719,231,428)	599,208,342	(281,584,155)	21,999,978
Advance received from rental and service income	1,982,646,600	1,588,333,205	1,670,240,626	443,391,444
Deposits from customers received	335,141,886	606,140,848	158,229,877	281,497,922
Provisions for employee benefit paid	(13,653,850)	(3,878,100)	(8,171,333)	(2,737,300)
Net cash generated from operating	20,355,714,030	19,303,452,684	9,289,002,231	8,240,679,007
Taxes paid	(2,584,463,889)	(2,164,122,589)	(1,011,133,105)	(952,917,935)
<b>Net cash from operating activities</b>	<b>17,771,250,141</b>	<b>17,139,330,095</b>	<b>8,277,869,126</b>	<b>7,287,761,072</b>

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

# Central Pattana Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2019	2018	2019	2018
	(in Baht)			
<b>Cash flows from investing activities</b>				
Interest received	41,234,236	20,982,103	619,243,022	529,621,744
Dividends received	1,053,942,734	913,380,125	15,069,828,537	5,970,034,000
(Increase) decrease in current investments	(947,371,608)	2,910,997,710	(483,696,024)	2,910,997,710
Acquisition of investments in subsidiaries, associates and joint ventures	(2,126,027,397)	(75,348,250)	(457,057,682)	(2,749,828,202)
Proceeds from redemption of investment units in funds	-	-	-	10,640,000
Advance payment for shares	(2,309,616,000)	-	(2,309,616,000)	-
Proceeds from capital reduction of investment in associate	-	21,889,868	300,000	-
Acquisition of other long-term investments in related parties	(98,298,426)	(2,147,314,306)	(73,125,000)	(2,147,314,306)
Acquisition of other long-term investments	-	(44,818,286)	-	-
Proceeds from sale of long-term investments in related parties	560,349,250	43,635,398	560,349,250	43,635,398
Loans to related parties	(551,299,493)	(56,202,750)	(17,041,303,614)	(7,983,564,480)
Proceeds from repayment of loans to related parties	-	62,650,403	10,238,284,064	9,109,875,642
Acquisition of investment properties	(6,282,122,909)	(4,811,278,120)	(948,387,196)	(844,454,465)
Acquisition of buildings and equipment	(211,075,777)	(182,411,550)	(136,837,230)	(101,245,974)
Acquisition of intangible assets	(3,676,086)	-	-	-
Acquisition of leasehold rights	(3,290,602,281)	(3,765,670,031)	(1,461,698,012)	(401,368,771)
Advance payment for purchase of investment properties and leasehold rights	(228,220,975)	(228,220,975)	(69,669,249)	(42,075,833)
Repayment of accounts payable for leasehold rights	(418,017,667)	(33,333,333)	-	(33,333,333)
Proceeds from sale of leasehold rights and investment properties	136,554,305	68,760,493	93,000,870	47,497,500
Proceeds from guarantees for sublease property agreement	-	-	(9,000,000,000)	-
Repayment of contractor payables	(1,221,972,671)	(1,436,670,415)	(908,341,308)	(999,183,741)
Acquisition of subsidiaries	4	(9,710,732,944)	-	-
<b>Net cash from (used in) investing activities</b>	<b>(15,896,220,765)</b>	<b>(18,449,704,860)</b>	<b>(6,308,725,572)</b>	<b>3,319,932,890</b>
<b>Cash flows from financing activities</b>				
Proceeds from restricted bank deposits	10,222,888	-	-	-
Interest paid	(966,667,807)	(610,576,876)	(1,124,478,908)	(1,235,887,039)
Dividends paid to owners of the Company	(5,014,931,019)	(6,282,449,843)	(4,936,199,019)	(6,282,449,843)
Proceeds from issuance of ordinary shares of subsidiary to non-controlling interests	(377,481,898)	497,153,491	-	-
Payments of change in ownership interests in subsidiaries without a change in control	(24,616,290)	(4,053,923,103)	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(2,709,608)	(820,863)	(1,852,916)	(820,863)
Proceeds from loans from related parties	1,228,327,392	75,807,000	7,037,890,496	10,361,121,600
Repayment of loans from related parties	(330,000,000)	-	(11,301,007,571)	(21,910,071,788)
Proceeds from loans from financial institutions and institutional investors	32,638,778,000	24,828,865,411	26,700,000,000	21,100,000,000
Repayments of loan from financial institutions and institutional investors	(29,826,878,273)	(12,569,734,572)	(19,705,028,571)	(12,133,600,000)
<b>Net cash from (used in) financing activities</b>	<b>(2,665,956,615)</b>	<b>1,884,320,645</b>	<b>(3,330,676,489)</b>	<b>(10,101,707,933)</b>

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

## Central Pattana Public Company Limited and its Subsidiaries

### Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(790,927,239)</b>	<b>573,945,880</b>	<b>(1,361,532,935)</b>	<b>505,986,029</b>
Cash and cash equivalents at 1 January		3,021,030,701	2,418,138,796	2,011,203,777	1,505,217,748
Exchange differences on translating foreign operations		(176,866,113)	28,946,025	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>6</b>	<b><u>2,053,237,349</u></b>	<b><u>3,021,030,701</u></b>	<b><u>649,670,842</u></b>	<b><u>2,011,203,777</u></b>

### Non-cash transactions

During the year ending 31 December 2019 and 2018

The Group acquired investment properties, property, plant and equipment, and leasehold rights at total cost of Baht 7,834.0 million (2018: Baht 9,587.7 million), of which Baht 7,191.8 million was paid by cash (2018: Baht 8,759.3 million), capitalised borrowing costs relating to the acquisition of assets of Baht 82.3 million (2018: Baht 93.4 million), and Baht 584.3 million was outstanding contractor payables as at 31 December 2019 (2018: Baht 735.0 million).

The Company acquired investment properties, property, plant and equipment, and leasehold rights at total cost of Baht 2,263.8 million (2018: Baht 1,854.6 million), of which Baht 1,645.8 million was paid by cash (2018: Baht 1,347.1 million), capitalised borrowing costs relating to the acquisition of assets of Baht 6.1 million (2018: Baht 56.3 million), and Baht 600.4 million was outstanding contractor payables as at 31 December 2019 (2018: Baht 451.2 million).

The Group has real estate projects under development of at a total cost Baht 635.6 million (2018: Baht 2,595.4 million), of which Baht 457.8 million was paid by cash (2018: Baht 1,362.1 million), transferred from investment properties, property, plant, and equipment of 259.5 million (2018: 934.9 million), capitalised borrowing costs relating to the acquisition of assets of Baht 82.1 million (2018: Baht 90.3 million), and Baht 177.7 million was outstanding as trade accounts payable as at 31 December 2019 (2018: Baht 208.1 million).

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

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The 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 statutory financial statements, and were approved and authorised for issue by the Board of Directors on 20 February 2020.

## 1 General information

The Company's major shareholder during the financial year was Central Holdings Company Limited (26.2% shareholding), which is incorporated in Thailand.

The principal businesses of the Company are developing new projects and managing projects as constructing office buildings and shopping centers for rent, providing utility services in shopping centers, providing food center services and providing property management consulting and corporate services. As at 31 December 2019 and 2018, details of the Company's subsidiaries, fund, associates and joint ventures entities are additionally given in note 5, 10, and 12. Details are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest 2019	2018
			(%)	
<b>Direct subsidiaries</b>				
Central Pattana Rama 2 Co., Ltd.	(1) (4)	Thailand	100.0	100.0
Central Pattana Chiangmai Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
Central Pattana Realty Co., Ltd.	(2) (6)	Thailand	44.0	44.0
Central Pattana Rattanathibet Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
Central Food Avenue Co., Ltd.	(4)	Thailand	100.0	100.0
Central World Co., Ltd.	(1) (2) (4) (7)	Thailand	100.0	100.0
Central Pattana Rama 3 Co., Ltd.	(1) (4)	Thailand	100.0	100.0
Central Pattana Chonburi Co., Ltd.				
<i>(Under liquidation process)</i>	(1) (2) (4)	Thailand	100.0	100.0
CPN Residence Co., Ltd.	(10)	Thailand	100.0	100.0
Central Pattana Development Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
CPN Global Co., Ltd.	(6)	Thailand	100.0	100.0
Central Pattana Nine Square Co., Ltd.	(1) (2)	Thailand	93.3	93.3
Central Pattana Khon Kaen Co., Ltd.	(1) (2) (4) (10)	Thailand	78.1	78.1
CPN Pattaya Co., Ltd.	(1) (2) (4) (7)	Thailand	100.0	100.0
CPN Learning Center Co., Ltd.				
<i>(Under liquidation process)</i>	(9)	Thailand	100.0	100.0
CPN Rayong Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
CPN Korat Co., Ltd.	(1) (2) (4)	Thailand	100.0	100.0
CPN Estate Co., Ltd.	(6)	Thailand	100.0	100.0
CPN Residence Khon Kaen Co., Ltd.	(6)	Thailand	100.0	100.0
Suanlum Property Co., Ltd.	(1)	Thailand	78.0	63.0
Phraram 4 Development Co., Ltd.	(6)	Thailand	90.0	90.0
Saladang Property Management Co., Ltd.	(1)	Thailand	100.0	86.0
CPN REIT Management Co., Ltd.	(11)	Thailand	100.0	100.0
Dara Harbour Co., Ltd.	(6)	Thailand	65.0	65.0
CPN Pattaya Hotel Co., Ltd.	(7)	Thailand	100.0	100.0
Chanakun Development Co., Ltd.	(1)	Thailand	100.0	100.0
CPN Village Co., Ltd.	(1)	Thailand	70.0	100.0
Common Ground (Thailand) Co., Ltd.	(2)	Thailand	-	100.0

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Name of entity	Type of business	Country of incorporation	Ownership interest	
			2019	2018
(%)				
<i>Indirect subsidiaries</i>				
Central Pattana Realty Co., Ltd	(2) (6)	Thailand	56.0	56.0
Central Pattana Nine Square Co., Ltd.	(1) (2)	Thailand	4.4	4.4
Bangna Central Property Co., Ltd.	(1) to (5)	Thailand	99.9	99.9
Global Retail Development & Investment Limited	(6)	Hong Kong	100.0	100.0
Global Commercial Property Limited	(6)	Hong Kong	100.0	100.0
CPN Complex Co., Ltd.	(6)	Thailand	99.9	99.9
CPN City Co., Ltd.	(6)	Thailand	99.9	99.9
C.S. City Co., Ltd.	(1)	Thailand	100.0	100.0
CPN Residence Management Co., Ltd.	(12)	Thailand	100.0	100.0
CPN Ventures Sdn. Bhd.	(8)	Malaysia	100.0	100.0
Central Plaza i-City Real Estate Sdn. Bhd.	(6)	Malaysia	60.0	60.0
Grand Canal Land Public Company Limited	(1) (2) (3) (4) (8)	Thailand	67.5	67.5
Belle Development Co., Ltd.	(1) (10)	Thailand	79.6	79.6
Belle Assets Co., Ltd.	(6)	Thailand	100.0	100.0
Sterling Equity Co., Ltd.	(1)	Thailand	100.0	100.0
G Land Property Management Co. Ltd.	(1)	Thailand	100.0	100.0
Rama 9 Square Co., Ltd.	(1)	Thailand	93.1	93.1
Rama 9 Square Hotel Co., Ltd.	(7)	Thailand	99.9	99.9
GLAND REIT Management Co., Ltd.	(11)	Thailand	100.0	100.0
Ratchada Assets Holding Limited	(6)	Thailand	100.0	100.0
Chipper Global Limited	(6)	British Virgin Islands	100.0	-
<i>Funds</i>				
Thai Business Fund 4	(6)	Thailand	100.0	100.0

*Type of business*

- (1) Construction of office buildings and shopping centers for rent
- (2) Provision of utility services in shopping centers
- (3) Construction of residential and shop houses for rent
- (4) Food center services
- (5) Operator of play land and water theme park on shopping centers
- (6) Investment in real estates
- (7) Hotel business
- (8) Property management consulting and corporate services
- (9) Training service and personnel development
- (10) Real estate business for sales of land and houses and condominium units
- (11) Management of a real estate investment trust
- (12) Management of condominium juristic person and housing estate juristic person

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

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

**(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3 (t).

The Group has adopted TFRS 15 using retrospective approach, hence, the Group has applied all requirements of TFRS 15 to each comparative period presented in the consolidated and separate financial statements.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group assessed that it has significant risks and rewards of ownership of the goods. This change results in similar decreases in revenue from food center services, and cost of food center services in the consolidated financial statements of comprehensive income for the year ended 31 December 2019 of Baht 1,318 million (2018: Baht 1,117 million) and in the separate financial statements of comprehensive income for the year ended 31 December 2019 of Baht 528 million (2018: Baht 406 million), respectively. Such change in accounting policy has no material impacts on the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 38.

**(b) Functional and presentation currency**

The financial statements are prepared in Thai Baht, which is the Company’s functional currency.

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

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Assumptions and estimation uncertainties**

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

Note 3(w), 30	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
Note 3(r)	Recognition and measurement of provisions; and
Note 3(q), 22	Measurement of defined benefit obligations: key actuarial assumptions
Note 4	Acquisition of business; and
Note 16	Impairment test of goodwill: key assumptions underlying recoverable amounts;

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all period presented in these financial statements.

#### (a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

##### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.



## **Central Pattana Public Company Limited and its Subsidiaries**

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

### **For the year ended 31 December 2019**

#### *Step acquisition*

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

#### *Acquisitions from entities under common control*

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Interests in equity - accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **(b) Foreign currencies**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the foreign exchange rates ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on retranslation are generally recognised in profit or loss.

##### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**(c) *Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate such as government bonds.

**(d) *Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(e) *Trade and other accounts receivable***

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(f) *Real estate development projects***

Real estate development projects are projects for the development of properties with the intention of sale in the ordinary course of business. They are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of real estate development projects comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding real estate development projects are capitalised, on a specific identification basis, as part of the cost of the property until the completion of development.

**(g) *Investments***

*Investments in subsidiaries and funds, associates and joint ventures*

Investments in subsidiaries and funds, associates and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investment in associates and joint ventures in the consolidated financial statements is accounted for using the equity method.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Investments in other debt and equity securities*

Debt securities that the Group has positive intent and ability to hold to maturity are classified as held-to-maturity investment. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale are determined at the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(h) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings and improvements	20 - 30 years
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No depreciation is provided on freehold land or assets under construction.

Any gains and losses on disposal of item of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment properties, and are recognised in profit or loss.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**(i) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to cost and reclassified as investment property.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. The estimated useful lives are as follows:

Buildings and improvements	20 years
Furniture, fixtures, office and transportation equipment	5 - 15 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (j) *Goodwill*

Goodwill arises upon the acquisition of subsidiaries. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

#### (k) *Leasehold rights*

Leasehold rights are recorded at cost less accumulated amortisation and impairment losses.

##### *Amortisation*

Amortisation is recognised in profit or loss on a straight-line basis over the period of lease as follows:

Leasehold rights over land and buildings	30 years
Leasehold rights over land	25 - 40 years

#### (l) *Right for usage of assets*

Right for usage of assets are stated at cost less accumulated amortisation and impairment losses.

##### *Amortisation*

Amortisation is calculated over the cost of the assets, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Right for usage of assets	10 - 40 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**(m) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. Available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(n) Interest-bearing liabilities**

Interest-bearing liabilities are stated at cost.

**(o) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(p) Contract liabilities**

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

**(q) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Actuarial gains or loss arising from remeasurements of the net defined benefit liability, are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(r) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.



**Central Pattana Public Company Limited and its Subsidiaries**  
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*Provision for decommissioning and restoration*

The Company recognises provision for decommissioning costs of the buildings or structures with the present value of the estimate of the eventual costs at the lease end date. The recognised provision for decommissioning costs are based on removal cost estimates, removal period, discount rate and future inflation rate. Provision for decommissioning and restoration are discounted to be present value, and are included as part of the assets.

**(s) Measurement of fair value**

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(t) Revenue**

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Rental*

Rental income from investment in leasehold property is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

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*Service*

Service income is recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates. Service income is recognised over time when services are rendered to customer.

*Food center services*

Revenue from food center services is recognised upon delivery of goods to customers. Where the Group acts as an agent in food center services, gross revenue consists of the Group's revenue together with the revenue accruing to the principals for which the Group acted as an agent.

*Sale of real estate*

Sale of real estate development project is recognised when the construction works are completed and the ownership has been transferred to buyers.

*Investments*

Revenue from investments dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

**(u) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

**(v) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

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**(w) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(x) Basic earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

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**(y) Related parties**

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**(z) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and tax assets and liabilities.

**4 Acquisition of business and non-controlling interests**

**(a) Acquisition of business**

On 12 September 2018, the Group purchased business of Grand Canal Land Public Company Limited and its subsidiaries ("Grand Canal Land"), a property developer by CPN Pattaya Co., Ltd. ("CPN Pattaya"), a subsidiary of the Company. CPN Pattaya acquired the ordinary shares of 3,278.13 million shares which accounted for 50.43% of total issued and paid-up capital of Grand Canal Land by Baht 3.10 per share, totalling Baht 10,162.21 million and already fully paid-up for shares on 12 September 2018 that Group completed the business acquisition.

The goodwill is attributable mainly to the fact that taking control of Grand Canal Land will enable the Group to improve financial support and enhance liquidity for long-term return to shareholders as well as raise the competency in business competition. Also, the Group can invest in larger-scale projects that will significantly increase the growth rate and the performance of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

TFRS required Management to make preliminary assessment of the fair values of the assets, liabilities and contingent liabilities specified at the acquisition date. The Group hired an independent appraiser to determine the said fair value of assets and liabilities acquired during the measurement period, which must not exceed one year from the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Finalisation of the valuation of net assets of Grand Canal Land which the Group acquired on 12 September 2018 was completed during 2019.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Identifiable assets acquired and liabilities assumed*

	<b>Fair value as reported</b>	<b>New fair value (in million Baht)</b>	<b>Differences</b>
<b>Assets</b>			
Cash and cash equivalents	452	452	-
Trade and other receivables	777	777	-
Real estate projects under development	3,150	3,409	259
Long-term loan	4,304	4,304	-
Investment in associate	952	952	-
Investment in joint venture	2,520	2,526	6
Long-term investment in related parties	440	440	-
Investment properties	22,973	22,708	(265)
Property, plant, and equipment	499	499	-
Leasehold rights	109	109	-
Deferred tax assets	147	147	-
Other non-current assets	38	38	-
<b>Liabilities</b>			
Trade and other payables	(1,585)	(1,585)	-
Borrowings	(8,602)	(8,602)	-
Advanced received income	(5,756)	(5,756)	-
Income tax payables	(32)	(32)	-
Deferred tax liabilities	(2,044)	(2,044)	-
Other non-current liabilities	(244)	(244)	-
<b>Total identifiable net assets</b>	<b>18,098</b>	<b>18,098</b>	-
<i>Less Non-controlling interests (49.57%)</i>	<i>(8,971)</i>	<i>(8,971)</i>	-
<b>Total identifiable net assets received</b>	<b>9,127</b>	<b>9,127</b>	-
Goodwill arising from the business acquisition	1,036	1,036	-
<b>Purchase consideration transferred</b>	<b>10,163</b>	<b>10,163</b>	-
Net cash acquired with the subsidiaries	452	452	-
Cash paid	(10,163)	(10,163)	-
<b>Net cash outflow</b>	<b>(9,711)</b>	<b>(9,711)</b>	-

The fair value of assets acquired and liabilities assumed from the business acquisition by an independent appraiser completed during the year 2019 and the Group adjusted the fair value of assets acquired and liabilities assumed in accordance with the appraisal report. Therefore, the value of the business acquired, including the allocation of the purchase price, was adjusted during the year 2019 that were not material impact to the consolidated statement of financial position, income and the consolidated earnings per share for the year ended 31 December 2019 and 2018.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2019

#### (b) Acquisition of non-controlling interests

On 24 September 2018, the Group make a mandatory offer for all remaining shares of Grand Canal Land Public Company limited and its subsidiaries ("Grand Canal Land") to the Securities and Exchange Commission, Thailand and the buying period was from 25 September 2018 to 31 October 2018. After acquisition offer completed in November 2018, the Group acquired an additional 17.1% interest in Grand Canal Land for Baht 3,445 million in cash, increasing its ownership interest from 50.43% to 67.53%. The Group recognised a decrease in non-controlling interests of Baht 3,094.64 million, a decrease in retained earnings of Baht 350.34 million, and attributable to owners of the Group of Baht 3,444.98 million of changes in the Group's ownership interest in Grand Canal Land in the financial statements for the year ended 31 December 2018.

#### 5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and funds, associates and joint venture are described in note 1, 10 and 12. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Central Holding Co., Ltd.	Thailand	Major shareholder, some common directors
Central Department Store Co., Ltd.	Thailand	Some common directors
Hang Central Department Store Co., Ltd.	Thailand	Some common directors
Central Trading Co., Ltd.	Thailand	Some common directors
Central Super Store Co., Ltd.	Thailand	Some common directors
Power Buy Co., Ltd.	Thailand	Some common directors
CRC Sport Co., Ltd.	Thailand	Some common directors
CRC Power Retail Co., Ltd.	Thailand	Some common directors
B2S Co., Ltd.	Thailand	Some common directors
Office Club (Thai) Co., Ltd.	Thailand	Some common directors
Earth Care Co., Ltd.	Thailand	Some common directors
CR Chiangmai (Thailand) Co., Ltd.	Thailand	Some common directors
Central Garment Factory Co., Ltd.	Thailand	Some common directors
Samsonite (Thailand) Co., Ltd.	Thailand	Some common directors
Central Plaza Hotel Public Company Limited	Thailand	Some common directors
Central World Hotel Co., Ltd.	Thailand	Some common directors
Central Restaurant Group Co., Ltd.	Thailand	Some common directors
Central Food Retail Co., Ltd.	Thailand	Some common directors
Food Gimmick Co., Ltd.	Thailand	Some common directors
Sakura Restaurant Co., Ltd.	Thailand	Some common directors
Food Excellent Co., Ltd.	Thailand	Some common directors
Central International Development Co., Ltd.	Thailand	Some common directors
Robinson Public Company Limited	Thailand	Some common directors
Central Watson Co., Ltd.	Thailand	Some common directors
F&D International Co., Ltd.	Thailand	Some common directors
Food Festival Co., Ltd.	Thailand	Some common directors
Food Millennium Co., Ltd.	Thailand	Some common directors

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Central Retail Corporation Co., Ltd.	Thailand	Some common directors
Fairy Plaza Co., Ltd.	Thailand	The shareholder of subsidiaries
Siam Retail Development Co., Ltd.	Thailand	Held by a subsidiary
Ayudhaya Agrocity Co., Ltd.	Thailand	Held by a subsidiary
Square Ritz Plaza Co., Ltd.	Thailand	Held by a subsidiary and some common directors
Vantage Ground Co., Ltd.	Thailand	Some common directors
Bara, Windsor & Co., Ltd.	Thailand	Some common directors
Spaghetti Factory Co., Ltd.	Thailand	Some common directors
Fuji Delicious Creation Co., Ltd.	Thailand	Some common directors
CMG Marketing Co., Ltd.	Thailand	Some common directors
CRC Thai Watsadu Co., Ltd.	Thailand	Some common directors
Zen Restaurant Holding Co., Ltd.	Thailand	Some common directors
CRG International Food Co., Ltd.	Thailand	Some common directors
Food Passion Co., Ltd.	Thailand	Some common directors
Dusit Thani Public Company Limited	Thailand	Held by the Company
Super Assets Co., Ltd.	Thailand	Some common directors
CKS Holding Co., Ltd.	Thailand	Some common directors
Grand Fortune Co., Ltd.	Thailand	Some common directors
Zen Corporation Group Public Company Limited	Thailand	Held by the Company and some common directors
Mitsubishi Estate Asia Pte. Ltd.	Singapore	Held by a subsidiary
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

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

<b>Transactions</b>	<b>Pricing policies</b>
Revenue from rent and services	Market prices which are subject to location, lease space, lease form, lease period and type of lease
Revenue from food center services	Market prices
Management income and other income	The rate being charged by other parties in the business
Interest income/interest expense	As contractually agreed interest rate
Dividend income	As declared payment
Cost of rent and services	Market prices
Cost of food center services	Market prices
Administrative expenses	At actual amount
Management fee	As mutually agreed in contract
Key management personnel	As defined by the nomination and remuneration committee which does not exceed the amount approved by the shareholders

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiaries and funds</b>				
Revenue from rent and services	-	-	115,198	81,513
Management income	-	-	527,950	315,062
Interest income	-	-	602,922	512,992
Dividend income	-	-	13,933,257	3,619,129
Other income	-	-	255,656	269,926
Cost of rent and services	-	-	245,523	233,132
Cost of food center services	-	-	12	4
Administrative expenses	-	-	21,784	21,675
Interest expense	-	-	490,110	852,770
<b>Associates</b>				
Revenue from rent and services	1,455,916	1,260,732	57,492	36,688
Management income	678,311	715,728	497,970	570,048
Revenue from food center services	3	1	-	-
Interest income	4,904	5,437	4,904	5,437
Dividend income	-	-	975,415	913,250
Other income	73,822	28,234	23,584	27,379
Cost of rent and services	111,302	37,894	1,845	2,801
Cost of food center services	43,877	37,987	-	-
Administrative expenses	396,583	429,355	59,686	50,629
<b>Joint ventures</b>				
Revenue from rent and services	14,622	649	14,586	649
Management income	1,260	320	1,260	320
Interest income	270,348	88,674	2,446	-
Other income	196	320	196	310
Administrative expenses	14	-	-	-
<b>Other related parties</b>				
Revenue from rent and services	5,136,816	4,611,970	2,917,884	2,614,954
Revenue from food center services	352	1,759	35	70
Management income	-	2,819	-	-
Dividend income	25,405	-	25,405	-
Other income	28,705	201,180	22,678	91,832
Cost of rent and services	1,025,256	981,321	992,151	945,931
Cost of food center services	10,184	5,519	1,235	223
Administrative expenses	172,105	162,787	133,997	130,832
Management fees	234,345	215,917	228,421	206,310
<b>Key management</b>				
Key management personnel				
Short-term benefits	309,911	240,914	270,089	229,549
Long-term benefits	8,236	4,866	8,236	4,866
<b>Total key management personnel</b>	<b>318,147</b>	<b>245,780</b>	<b>278,325</b>	<b>234,415</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
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Significant balances as at 31 December with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Trade accounts receivable - related parties</i></b>				
Subsidiaries and funds	-	-	138,151	55,176
Associates	152,725	75,554	102,873	52,249
Joint ventures	14,067	803	13,433	803
Other related parties	178,323	239,455	95,946	137,536
<b>Total</b>	<b>345,115</b>	<b>315,812</b>	<b>350,403</b>	<b>245,764</b>
<b><i>Other receivables</i></b>				
<b><i>Accrued income</i></b>				
Associates	78,528	106,420	10,184	-
Joint ventures	2,220	129,956	2,220	-
<b>Total</b>	<b>80,748</b>	<b>236,376</b>	<b>12,404</b>	<b>-</b>
<b><i>Accrued dividend income</i></b>				
Subsidiaries and funds	-	-	-	135,622
<b><i>Other receivables</i></b>				
Associates	950	37,055	-	-
Joint ventures	1	-	1	-
<b>Total</b>	<b>951</b>	<b>37,055</b>	<b>1</b>	<b>-</b>
<b><i>Prepaid expenses</i></b>				
Other related parties	10,800	117,336	10,800	11,431
<b><i>Other non-current assets</i></b>				
<b><i>Deposit</i></b>				
Associates	987,905	991,025	-	-

***Loans to related parties***

Movements of loans to related parties and accrued interest income during the years ended 31 December were as follows:

	<b>Interest rate</b>	<b>Consolidated financial statements</b>			
	At	At			At
	31 December	1 January	Increase	Decrease	31 December
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>		
<b><i>Long-term loans</i></b>					
<b>2019</b>					
Associates	5.01	75,215	150,905	(3,772)	222,348
Joint ventures	6.50, MLR-0.5%, BIBOR+1.3%	4,443,254	505,128	(4,040)	4,944,342
<b>Total</b>		<b>4,518,469</b>			<b>5,166,690</b>
<b>2018</b>					
Associates	5.20	134,319	10,589	(69,693)	75,215
Joint ventures	6.50, MLR-0.5%	-	4,443,565	(311)	4,443,254
<b>Total</b>		<b>134,319</b>			<b>4,518,469</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Interest rate		Separate financial statements		
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
			(in thousand Baht)		
<b>Short-term loans</b>					
<b>2019</b>					
Subsidiaries and funds	2.63	26,017	6,888	(729)	32,176
<b>2018</b>					
Subsidiaries and funds	2.49	1,281,303	3,218	(1,258,504)	26,017
<b>Long-term loans</b>					
<b>2019</b>					
Subsidiaries and funds	2.63	16,145,193	17,318,796	(10,843,902)	22,620,087
Associates	5.01	75,215	150,905	(3,772)	222,348
Joint ventures	MLR-0.5%, BIBOR+1.3%	-	172,280	-	172,280
<b>Total</b>		<b>16,220,408</b>			<b>23,014,715</b>
<b>Long-term loans</b>					
<b>2018</b>					
Subsidiaries and funds					
Associates	2.49, 3.25	15,953,210	8,483,445	(8,291,462)	16,145,193
Joint ventures	5.20	134,319	10,589	(69,693)	75,215
<b>Total</b>		<b>16,087,529</b>			<b>16,220,408</b>

Loans to subsidiaries, funds, associates, and joint ventures are unsecured and denominated in Thai Baht and carry interests at the rate as stipulated in the agreements.

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Trade accounts payable - related parties</b>				
Subsidiaries and funds	-	-	93,192	24,025
Associates	26,238	43,715	23,952	16,855
Other related parties	198,084	246,711	156,053	127,312
<b>Total</b>	<b>224,322</b>	<b>290,426</b>	<b>273,197</b>	<b>168,192</b>
<b>Other payables - related parties</b>				
Associates	10,253	474	6,853	-
<b>Accounts payable for leasehold right</b>				
Other related parties	-	266,667	-	266,667
<b>Unearned rental income</b>				
Subsidiaries and funds	-	-	43,195	48,752
Associates	24,466,325	25,554,184	23,012	24,134
<b>Total</b>	<b>24,466,325</b>	<b>25,554,184</b>	<b>66,207</b>	<b>72,886</b>
<b>Less Current portion of unearned rental income</b>				
	(1,187,341)	(1,192,297)	(8,634)	(8,207)
<b>Net</b>	<b>23,278,984</b>	<b>24,361,887</b>	<b>57,573</b>	<b>64,679</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Deposits received from customers</i></b>				
Subsidiaries and funds	-	-	11,415	11,415
Joint ventures	6,211	-	1,907	-
Other related parties	865,260	811,242	422,865	398,777
<b>Total</b>	<b>871,471</b>	<b>811,242</b>	<b>436,187</b>	<b>410,192</b>
<b><i>Guarantees for leasehold rights</i></b>				
Other related party	408	233,497	-	233,089

***Loans from related parties***

Movements of loans from related parties and accrued interest expense during the years ended 31 December were as follows:

	<b>Interest rate</b>		<b>Consolidated financial statements</b>		
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
			<i>(in thousand Baht)</i>		
<b><i>Short-term loans</i></b>					
<b>2019</b>					
Related party	3.06	90,089	39,369	(3,697)	125,761
<b>2018</b>					
Related party	3.25	14,229	77,449	(1,589)	90,089
<b><i>Long-term loan</i></b>					
<b>2019</b>					
Related party	2.63	-	692,724	-	692,724
	<b>Interest rate</b>		<b>Separate financial statements</b>		
	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
			<i>(in thousand Baht)</i>		
<b><i>Short-term loans</i></b>					
<b>2019</b>					
Subsidiaries and funds	2.63	9,694,518	6,206,359	(6,039,131)	9,861,746
<b>2018</b>					
Subsidiaries and funds	1.50, 2.49	8,759,460	8,688,971	(7,753,913)	9,694,518
<b><i>Long-term loans</i></b>					
<b>2019</b>					
Subsidiaries	2.63	12,548,929	1,301,505	(5,745,106)	8,105,328
<b>2018</b>					
Subsidiaries	2.49	25,058,486	2,501,178	(15,010,735)	12,548,929

Loans from subsidiaries, funds and related parties are unsecured and denominated in Thai Baht and carry interests at the rate as stipulated in the agreements.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**Commitments with related parties**

As at 31 December, the Group has entered into service and premise lease agreements with several related parties. The rental and service fees are as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<b>Non-cancellable operating lease commitments</b>				
Within 1 year	1,391	869	1,156	1,104
1 - 5 years	6,238	4,043	5,237	4,984
After 5 years	14,021	12,417	13,218	14,314
<b>Total</b>	<b>21,650</b>	<b>17,329</b>	<b>19,611</b>	<b>20,402</b>

**Operating lease**

*Thai Business Fund 4*

On 18 December 2002, Thai Business Fund 4 (“TBF4”) entered into a land and structure lease agreement, for the location of Central World Plaza with other party. The lease agreement was for a period of 30 years ending in December 2032.

On 23 December 2002, TBF4 (“the lessor”) entered into a sublease utility system contract and a property management contract with Central World Co., Ltd. (“Central World”). The lease agreement was for a period of 30 years ending in December 2032. Under the conditions of the sublease contracts, Central World had to make a lump sum payment of leasehold right in advance of Baht 80 million and monthly rental as agreed by both parties, whereby the Company will be a guarantor. In addition, TBF4 entered into a property management contract with Central World and had to pay property management fee as stated in the contract.

According to the 7th TBF4’s unitholders’ resolution on 29 September 2011 and the 9th TBF4’s unitholders’ resolution on 30 November 2011, unitholders had an unanimous resolution to change the sublessee from Central World to the Company by cancelling a sublease utility system contract and a property management contract with Central World.

Consequently, TBF4 terminated a sublease utility system contract and a property management contract with Central World on 1 December 2011 and TBF4 had obligation to pay compensation in connection with contract termination in amount of Baht 2,219 million for investment in utility system and development of parking building by Central World. The Company agreed to pay for the obligation on behalf of TBF4 in connection with the contract termination in order to sublease utility system contract and become a property manager for Central World project instead.

On 1 December 2011, the Company entered into a sublease utility system contract with TBF4. The contract would cover the period from 1 December 2011 to December 2032. The Company has to make the lump sum payment of leasehold right in advance of Baht 56.1 million and monthly rental of Baht 20 million as stated in the contract.

According to the 4th TBF4’s unitholders’ resolution on 7 September 2012, the unitholders had an unanimous resolution to terminate the sublease office building contract with Central World and approved to enter into new sublease office building contracts with Property Fund Type I and the Company and Central World and amended the property management contract with the Company.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

As a result, on 14 September 2012, TBF4 terminated the sublease office building contract of The Offices at Central World with Central World. TBF4 had obligation to pay compensation in amount of Baht 3,530.3 million for investment in system and development of office building by Central World in connection with the contract termination. TBF4 had entered into a sublease contract with CPN Commercial Growth Leasehold Property Fund (“CPNCG”) for land and part of office building with integrated components and related equipment and systems including the right for the use of the parking spaces at The Offices at Central World. The contract was for a period of 20 years ending on 22 December 2032. In addition, TBF4 had entered into sublease contracts with the Company and Central World for part of office building. The contracts would cover the periods from 14 September 2012 to 22 December 2032 and 14 September 2012 to 23 December 2012, respectively.

On 25 September 2013, TBF4 entered into a memorandum for the cancellation of a part of land lease under the principal agreement with other party and subsequently appointed the Company as the new lessee of the cancelled lease directly with other party. The Company acquired the right for the use of cancelled land lease under conditions in an agreement. Therefore, to compensate TBF4 for the loss of the leasehold right on cancelled land lease, the Company agreed to pay compensation to TBF4 in amount of Baht 502 million by payments of Baht 425 million on 15 December 2013 and will pay of Baht 77 million in January 2033.

Moreover, TBF4 has entered into an agreement with Central Plaza Hotel Public Company Limited, a related party, to sublease its leasehold right on land and part of its structures located at Central World for a period of 29 years ending in December 2032. The sublessee would use land and its structures for the development of the project of hotel, parking and convention hall.

In August 2019, the Company made a payment of Baht 9,000 million to Thai Business Fund 4 for the guarantee of sublease property agreement of Central World project from Thai Business Fund 4. The conditions under the sublease property agreement had to finalise within period as specified in the agreement.

#### *CentralPlaza Lardprao*

In 2009, the Company entered into a sublease contract of assets comprising of land, shopping center, office building, parking buildings including their building improvements with integrated components and equipment of CentralPlaza Lardprao with Central International Development Company Limited (“the sublessor”) for a period of 20 years ending on 18 December 2028. The Company had to pay compensation for subleasehold right to the sublessee in the amount of Baht 2,162 million, which was recorded as leasehold rights in the statements of financial position. In addition, the Company is required to pay annual rental for the assets and rental for equipment throughout the sublease contract period totalling Baht 14,016 million.

Titles over the buildings or structures and other assets that the Company had renovation or restoration will be transferred to The State Railway of Thailand (“the lessor”) upon expiration of the agreement. In addition, the Company had to deliver equipment as specified in the lease agreement according to the appropriate condition and useful life at that time.

#### *CentralPlaza Bangna*

The Group entered into a land lease agreement with Hang Central Department Store Co., Ltd., a related party, for the location of CentralPlaza Bangna project for a period of 30 years ending in 2023.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

##### *CentralPlaza WestGate*

In January 2013, the Company entered into a land lease agreement with Vantage Ground Co., Ltd., (“Vantage”) a related party, for the construction of shopping center for lease for a period of 30 years ending on 18 February 2043. Under the conditions of the agreement, the Company had to pay compensation for land lease to lessor in the amount of Baht 654.9 million, which was recorded as leasehold rights in the statements of financial position. In addition, the Company has to pay the annual rental throughout the lease agreement period totalling Baht 4,443.7 million. The land lease agreement can be renewed for at least another 10 years period, at the rate and the benefit to be agreed upon by notifying in writing in advance not less than 2 years prior to the completion of the lease period.

At the Company's Board of Directors' meeting held on 7 August 2015, the Board approved the cancellation of part land lease agreement of CentralPlaza WestGate with Vantage, in order that Vantage could sell the land to other party for construction of this shopping center. The Company notified the cancellation of the agreement in October 2015. Vantage agreed to return the compensation of land lease and annual rental which the Company paid under the conditions of the land lease agreement.

##### *CentralPlaza Pinklao*

The Company entered into a land lease agreement with Hang Central Department Store Co., Ltd., a related party, for the location of CentralPlaza Pinklao project for a period of 30 years ending in 2024.

In 2015, the Company (“lessee”) entered into a memorandum for the extension of lease period with Hang Central Department Store Co., Ltd. whereby both parties agreed to extend the lease period for another periods of 2 years and 5 months starting from 1 January 2025 to 31 May 2027, whereby the lessee agreed to pay additional rental in amount of Baht 291 million upon its maturity as stated in the contract.

##### *CentralFestival Phuket*

In June 2015, the Company entered into sublease land agreements and shopping building lease agreements with Central Department Store Co., Ltd. (“lessor”) a related party, for the operation of shopping centers for lease for a period of 41 years and 6 days ending on 6 June 2056. Under the conditions of the agreements, the Company had to pay compensation of land lease for shopping center in the amount of Baht 5,572.9 million and to pay for land leasehold right to lessee in the amount of Baht 666.7 million and pay the annual land rental throughout the agreement period totalling Baht 2,769.2 million. In addition, there was an entering into the purchase and sale of utility system and asset agreements totalling Baht 55.5 million.

At the Company's Board of Directors' meeting held on 10 August 2018, the Board approved the additional land and building sublease agreements and purchased assets related to CentralFestival Phuket project with Central Department Store Co., Ltd. (“lessee”), a related party, to operate the shopping center within Baht 1,282 million.

##### *Hilton Pattaya Hotel*

In November 2017, the Group entered into hotel building utility system and movable assets sublease agreements with CPN Retail Growth Leasehold REIT (“the sublessor”), a related party, for using in the operation of hotel business for lease for a period of 1 month ending on 31 December 2017. The Group can renew the agreements for 3 times at 3 years each ending in December 2026. Under the conditions of the agreement, the Company 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 deduct furniture, fixture and equipment reserve of the hotel.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

##### *Land sublease agreement*

The Company entered into to a land sublease agreement with Dara Harbour Co., Ltd., a subsidiary, which was for the period of 30 years starting from 1 January 2021 to 31 December 2050. The Company agreed to pay annual sublease compensation of which the first installment will be in January 2021. During 2017, the Company paid for the compensation from cancellation of leasehold rights to the lessee amounting to Baht 134.2 million.

##### *Other significant agreements*

##### *Service agreement*

The Company entered into a service agreement with Hang Central Department Store Co., Ltd., a related party, for business consulting and setting policies on business operation of the Company. The agreement was for a period of 3 years ending in 31 December 2019. Under the conditions of the agreement, the Company had to pay monthly service fee at rate 0.55% of the revenues from property assets managed by the Company that comprise of rental and service income, food and beverage income and property management fee income. The sum of the maximum service fees paid throughout the agreement term will not exceed Baht 623.7 million. Subsequently, in January 2020, the Company renewed the service agreement for 3 years, ending on 31 December 2022. (See note 37.1)

##### *Hotel Management agreement*

The Group entered into a hotel management agreement with a related party whereby the Group agrees to pay monthly management fee at the rate of 2% of the hotel's operating income and additional compensation at the rate of 6% of the gross operating profit if the gross operating profit is achieved and sales and marketing contribution fee at the rate of 1.5% of operating income.

##### *Service provider agreement*

The Company entered into the management agreement with subsidiaries. The Company has to perform the management of the Shopping center. The subsidiaries have to pay management fee at the rate of 3% of the net rental income after deduction of the discount under the agreements. The initial contract started from 1 January 2019 to 31 December 2019. Subsequently, in January 2020, the Company extended the management agreement with the subsidiaries for another one year ending on 31 December 2020.

The Company entered into service agreement with Grand Canal Land Public Company Limited for business consulting, setting policies, and advising on business operation. The agreement will be effective for two years from 1 January 2019 with rate 3% of revenue from rent and services.

##### *Property management fees*

The Company is the Property manager, has a right to receive remuneration under the agreement of being the Property manager from the related parties, which shall be payable monthly according to the property management appointment agreement between the Property manager and related parties.

##### *Collateral*

As at 31 December 2019, the Company had collateral of subsidiaries and joint venture of Baht 373 million and Baht 4,813 million, respectively (2018: Baht 307 million and Malaysian Ringgit 50 million).

As at 31 December 2019, an indirect subsidiary had loan guarantee with another indirect subsidiary for credit line of Baht 1,960 million (2018: Baht 1,960 million).

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**6 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	10,713	9,270	5,555	4,824
Call deposits	2,042,524	3,011,761	644,116	2,006,380
<b>Cash and cash equivalents</b>	<b>2,053,237</b>	<b>3,021,031</b>	<b>649,671</b>	<b>2,011,204</b>

**7 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
Equity securities available-for-sale	3,200	4,060	3,200	4,060
Investments in marketable unit trusts classified as available-for-sale investments	998,175	41,460	534,100	41,460
<b>Current investments</b>	<b>1,001,375</b>	<b>45,520</b>	<b>537,300</b>	<b>45,520</b>
<b>Long-term investments in related parties</b>				
Other non-marketable equity securities	131,647	131,647	-	-
Marketable equity securities classified as available-for-sale	1,490,937	1,842,608	1,490,937	1,842,608
Less allowance for impairment	(65,397)	(65,397)	-	-
<b>Long-term investment in related parties-net</b>	<b>1,557,187</b>	<b>1,908,858</b>	<b>1,490,937</b>	<b>1,842,608</b>
<b>Other long-term investments</b>				
Other non-marketable equity securities	56,492	31,318	1,000	1,000
Investments in marketable unit trusts classified as available-for-sale investments	140,605	139,468	-	-
Held to maturities securities	2,092	2,138	2,092	2,138
<b>Other long-term investments</b>	<b>199,189</b>	<b>172,924</b>	<b>3,092</b>	<b>3,138</b>
<b>Total</b>	<b>2,757,751</b>	<b>2,127,302</b>	<b>2,031,329</b>	<b>1,891,266</b>
<b>Held-to-maturity investments</b>				
Annual interest rate (%)	3.65	3.65	3.65	3.65
Mature in (years)	2	3	2	3

Dividend income and interest income for the year ended 31 December 2019 amounting to Baht 25,535 thousand and Baht 161,635 thousand (2018: Baht 130 thousand and Baht 115,013 thousand) for the Group, and amounting to Baht 14,934,207 thousand and Baht 616,643 thousand (2018: Baht 4,532,508 thousand and Baht 533,479 thousand) for the Company, respectively.



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Movements during the years ended 31 December of marketable equity and debt securities were as follows:

	<b>Consolidated financial statements</b>				
	<b>At 1 January</b>	<b>Purchase</b>	<b>Disposal</b>	<b>Fair value adjustment</b>	<b>At 31 December</b>
			<i>(in thousand Baht)</i>		
<b>2019</b>					
<b><i>Current investments</i></b>					
Available-for-sale securities	45,520	11,115,000	(10,160,854)	1,709	1,001,375
<b><i>Long-term investments in related parties</i></b>					
Available-for-sale securities	1,908,858	73,125	(511,407)	86,611	1,557,187
<b><i>Other long-term investments</i></b>					
Available-for-sale securities	172,924	25,173	-	1,092	199,189
<b>2018</b>					
<b><i>Current investments</i></b>					
Available-for-sale securities	2,943,116	5,725,000	(8,619,594)	(3,002)	45,520
<b><i>Long-term investments in related parties</i></b>					
Available-for-sale securities	66,250	2,147,314	(35,962)	(268,744)	1,908,858
<b><i>Other long-term investments</i></b>					
Available-for-sale securities	127,556	44,818	-	550	172,924
		<b>Separate financial statements</b>			
	<b>At 1 January</b>	<b>Purchase</b>	<b>Disposal</b>	<b>Fair value adjustment</b>	<b>At 31 December</b>
			<i>(in thousand Baht)</i>		
<b>2019</b>					
<b><i>Current investments</i></b>					
Available-for-sale securities	45,520	10,465,000	(9,974,854)	1,634	537,300
<b><i>Long-term investments in related parties</i></b>					
Available-for-sale securities	1,842,608	73,125	(511,407)	86,611	1,490,937
<b><i>Other long-term investments</i></b>					
Available-for-sale securities	3,138	-	-	(46)	3,092

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	At 1 January	Separate financial statements			At 31 December
		Purchase	Disposal	Fair value adjustment	
		(in thousand Baht)			
<b>2018</b>					
<b>Current investments</b>					
Available-for-sale securities	2,943,116	5,725,000	(8,619,594)	(3,002)	45,520
<b>Long-term investments in related parties</b>					
Available-for-sale securities	-	2,147,314	(35,962)	(268,744)	1,842,608
<b>Other long-term investments</b>					
Available-for-sale securities	3,184	-	-	(46)	3,138

***Equities securities classified as available for sale - related parties***

The Board of Directors' meeting on 9 May 2018, approved a resolution to acquire the ordinary shares of Dusit Thani Public Company Limited (Dusit Thani) of 194,926,920 shares which accounted for 22.93% totalling Baht 2,141.4 million in order to use for long-term investment. The Company has not involved in the management of Dusit Thani.

In February 2019, the Company sold investment in Dusit Thani Public Company Limited totalling 42.5 million shares or 5% of issued and paid up share capital at a price of Baht 12 per share totalling Baht 510 million. As a result, the proportion of shareholding decrease from 22.58% to 17.58%.

***Collateral***

As at 31 December 2019, the Group had part of investments in marketable unit trusts classified as available-for-sale investments as collateral for rental debt payment with an associate, at carrying amount of Baht 140.61 million (2018: Baht 139.47 million).

**8 Trade accounts receivable**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Related parties</b>				
Within credit terms	133,375	101,383	129,130	94,527
Overdue:				
Less than 3 months	140,180	135,818	179,914	88,982
3-6 months	30,381	31,050	17,737	21,005
6-12 months	9,289	25,943	5,921	22,528
Over 12 months	31,890	21,618	17,701	18,722
<b>Total</b>	<b>345,115</b>	<b>315,812</b>	<b>350,403</b>	<b>245,764</b>
Deposits from overdue customers	<b>862,754</b>	<b>774,695</b>	<b>416,468</b>	<b>360,208</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	219,114	180,073	164,650	74,257
Overdue:				
Less than 3 months	553,051	559,063	330,089	361,996
3-6 months	95,403	50,906	62,889	54,779
6-12 months	82,601	106,185	39,471	70,955
Over 12 months	90,924	171,022	68,629	61,796
	<u>1,041,093</u>	<u>1,067,249</u>	<u>665,728</u>	<u>623,783</u>
Less allowance for doubtful accounts	(30,502)	(104,436)	(18,309)	(32,208)
<b>Net</b>	<u>1,010,591</u>	<u>962,813</u>	<u>647,419</u>	<u>591,575</u>
Deposits from overdue customers	<u>6,432,217</u>	<u>6,167,441</u>	<u>2,896,130</u>	<u>2,764,784</u>

The normal credit term granted by the Group and the Company ranges from 1 day to 30 days.

Deposits received from overdue customers were in excess of the overdue receivables.

**9 Real estate projects under development**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Projects under development				
- Land	5,648,876	5,386,812	-	-
- Land improvements	250,979	166,947	-	-
- Construction	1,085,786	160,235	-	-
- Utilities	971,895	1,763,618	-	-
- Other costs relating to project development	<u>404,071</u>	<u>309,704</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>8,361,607</u>	<u>7,787,316</u>	<u>-</u>	<u>-</u>
Finance costs capitalised during the year	<u>126,718</u>	<u>90,318</u>	<u>-</u>	<u>-</u>
Rates of interest capitalised (% per annum)	<u>2.65</u>	<u>2.91</u>	<u>-</u>	<u>-</u>
Real estate projects under development recognised as an expense in 'cost of sales of real estate project'				
- Cost	<u>1,833,045</u>	<u>1,564,737</u>	<u>-</u>	<u>-</u>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**10 Investments in subsidiaries and funds**

		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018
		<i>(in thousand Baht)</i>	
At 1 January		27,620,972	24,901,032
Increase		421,357	2,730,580
Disposal and redemption of investment units		(300)	(10,640)
Reclassify to joint ventures	12	(19,125)	-
<b>At 31 December</b>		<b><u>28,022,904</u></b>	<b><u>27,620,972</u></b>

*For the year ended 31 December 2019*

***Suanlum Property Co., Ltd. (direct subsidiaries)***

In February 2019, the Company purchased the ordinary shares of Suanlum Property Co., Ltd., from Dusit Thani Public Company Limited of 0.26 million shares amounting to Baht 185.69 million. As a result, the proportion of shareholding increased from 63% to 78% in accordance with the conditions in the agreement.

***Common Ground (Thailand) Co., Ltd. (direct subsidiaries)***

In March 2019, at the extraordinary shareholders meeting of Common Ground (Thailand) Co., Ltd., a subsidiary, approved a resolution to increase the registered share capital from Baht 1 million to Baht 150 million by issuing the ordinary shares of 1.49 million shares with par value of Baht 100 per share. The Company made a payment for 25% shares amounting to Baht 18.88 million.

In May 2019, the Company entered into a joint venture with Common Ground Works Sdn. Bhd. and MSB Asia Ltd. in the proportion of 51: 29: 20, respectively. The Company made a payment for shares of Baht 19.13 million. As a result, the proportion of shareholding decreased from 100% to 51%; therefore, the Company reclassified this investment from subsidiary to joint venture.

***Saladang Property Management Co., Ltd. (direct subsidiaries)***

In June 2019, the Company purchased the ordinary shares of Saladang Property Management Co., Ltd., from Dusit Thani Public Company Limited and directors of 0.56 thousand shares amounting to Baht 216.79 million. As a result, the proportion of shareholding increased from 86% to 100% in accordance with the conditions in the agreement.

***CPN Village Co., Ltd. (direct subsidiaries)***

In November 2019, the Company sold the ordinary shares of CPN Village Co., Ltd., to Mitsubishi Estate Asia Pte. Ltd. of 30,000 shares, par value at 10 Baht, amounting to Baht 254.79 million. As a result, the proportion of shareholding decreased from 100% to 70%.

***Chipper Global Limited (indirect subsidiaries)***

In May 2019, the Group established Chipper Global Limited which has the registered share capital of US Dollar 65.8 million (equivalent to Baht 2,084 million), totalling 32,900 shares with a par value of US Dollar 2,000 per share. The proportion of shareholding was at 100%.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

***Central Plaza i-City Real Estate Sdn. Bhd. (indirect subsidiaries)***

During 2019, the Board of Directors' meeting of Central Plaza i-City Real Estate Sdn. Bhd, approved to additionally issue and call for paid up newly issued shares from Malaysian Ringgit 420.40 million to Malaysian Ringgit 420.43 million (equivalent to Baht 3,452.33 million) by issuing and calling for paid up newly issued shares of 290 million ordinary shares with par value of Malaysian Ringgit 1 per share and paid-up of 0.0001 Malaysian Ringgit in order to use for its working capital which the ownership interest of the Group is 60%. The Group invested in those increased shares in amount of Malaysian Ringgit 0.02 million (equivalent to Baht 0.13 million) at the same proportion of shareholding of the Group.

***For the year ended 31 December 2018***

***CPN Global Co., Ltd. (direct subsidiary)***

In January 2018, the extraordinary shareholders meeting of CPN Global Co., Ltd, a subsidiary, approved a resolution to increase the registered share capital from Baht 1 million to Baht 2,500 million by issuing the ordinary shares of 24,990,000 shares with par value of Baht 100 per share in order to use for its working capital.

***Central Realty Service Co., Ltd. (direct subsidiary)***

During 2018, the Company received the return from share capital from Central Realty Service Co., Ltd. totalling Baht 2.65 million, and disposed such return to investment in Central Pattana Realty Co., Ltd., a subsidiary. The Company recorded return from share capital as income from dissolution in separate statement of comprehensive income for year ended 31 December 2018.

***Chanakun Development (direct subsidiary)***

In August 2018, the Company acquired the ordinary shares of Chanakun Development Co., Ltd. of 699,994 shares which accounted for 99.99% of total issued and paid-up capital totalling Baht 59 million. The Company already fully paid-up for shares.

***CPN Village Co., Ltd. (formerly name Sawan Vithee Limited) (direct subsidiary)***

In August 2018, the Company acquired the ordinary shares of ordinary shares of Sawan Vithee Co., Ltd. of 99,998 shares, totalling Baht 1 million which accounted for 99.99% of total issued and paid-up capital. The Company already fully paid-up for shares.

At the extraordinary meeting of Sawan Vithee Co., Ltd. on 5 September 2018, approved a resolution to change the Company's name from "Sawan Vithee Co., Ltd." to "CPN Village Co., Ltd". The company has registered the change of name with the Ministry of Commerce on 12 September 2018.

***Common Ground (Thailand) Co., Ltd. (direct subsidiary)***

In November 2018, The Company has established Common Ground (Thailand) Co., Ltd which has a registered share capital of Baht 1 million, totalling 10,000 shares with a par value of Baht 100 per share. The Company held 100% and already paid up to 25% of totalling shares, totalling Baht 0.25 million.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2019

#### *Thai Business Fund 5 (direct subsidiary)*

According to unitholders agreement of Thai Business Fund 5 which prescribed that the property fund had to monthly return capital to unitholders at the rate 5.83% of investment units starting from March 2003 to February 2013, at the rate 5% of investment units starting from March 2013 to February 2017, at the rate 3.38% of investment units starting from March 2017 to January 2018 and at the rate 23.22% of investment units for the month of February 2018. The property fund had 15 years maturity starting from 6 March 2003 to 5 March 2018. During 2018, the Company received all capital repayment totalling Baht 10.64 million. Thai Business Fund 5 completes liquidation on 15 May 2018.

#### *CPN Learning Center Co., Ltd. (direct subsidiary)*

The extraordinary shareholders meeting of CPN Learning Center Co., Ltd. held on 29 October 2018, approved a resolution to dissolve the company and was registered for the dissolution to the Ministry of Commerce on 31 October 2018.

#### *CPN Ventures Sdn. Bhd. (indirect subsidiary)*

In January 2018, at the extraordinary shareholders meeting of CPN Ventures Sdn. Bhd., the shareholders approved a resolution to increase the registered capital of Malaysian Ringgit 0.2 million (equivalent to Baht 1.63 million) from Malaysian Ringgit 7.4 million to Malaysian Ringgit 7.6 million.

#### *Central Plaza i-City Real Estate Sdn. Bhd. (indirect subsidiary)*

In 2018, the Board of Directors' meeting of Central Plaza i-City Real Estate Sdn. Bhd. approved to additionally issue and call for paid up newly issued shares from Malaysian Ringgit 266.9 million to Malaysian Ringgit 420.4 million (equivalent to Baht 3,452.2 million) by issuing and calling for paid up newly issued shares of 153.5 million ordinary shares with par value of Malaysian Ringgit 1 per share in order to use for its working capital which the ownership interest of the Group is 60%. The Group invested in the increased shares in amount of Malaysian Ringgit 92.1 million (equivalent to Baht 747.1 million) at the same proportion of shareholding of the Group.

#### *CPN Residence Management Co., Ltd. (indirect subsidiary)*

In March 2018, the Group has established CPN Residence Management Co., Ltd. to support future investment which has a registered share capital of Baht 1 million, totalling 10,000 shares with a par value of Baht 100 per share.

#### *Business Transfer between Central Pattana Chonburi Co., Ltd. and Central Pattana Realty Co., Ltd.*

At the Extraordinary General Meeting of Shareholder of Central Pattana Chonburi Co., Ltd., a subsidiary, on 18 October 2018, the shareholders approved a resolution to transfer entire business to Central Pattana Realty Co., Ltd., subsidiary of the Company. Therefore, on 19 October 2018 Central Pattana Chonburi ("Business transferer company") entered into the entire business transfer agreement to Central Pattana Realty Co., Ltd. ("Business transferee company") by agreeing to transfer rights and obligations under the agreements which business transferer company entered into with the third parties for the business operation.

At the extraordinary shareholders meeting of Central Pattana Chonburi Co., Ltd., a subsidiary of the Company, on 19 October 2018, the shareholders approved to dissolve Central Pattana Chonburi Co., Ltd., which was registered for the dissolution to Minister of Commerce on 22 October 2018.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

At the extraordinary shareholders meeting of Central Pattana Realty Co., Ltd. (“Business transferee company”), held on 31 October 2018, the shareholders approved a resolution to transfer entire business from Central Pattana Chonburi Co., Ltd. (“Business transferer company”) and passed a resolution to increase the registered capital from Baht 1,003.66 million to Baht 2,268.41 million by issuing the ordinary shares of 126,475,502 shares with par value of Baht 10 per share as the compensation for the business transfer under the business transfer agreement dated 19 October 2018 to business transferer company in order to transfer to the shareholders of business transferer company in the liquidation process.

On 31 October 2018, business transferer company transferred net assets in amount of Baht 1,264.8 million to the business transferee company in full amount by receiving the shares of the business transferee company as the compensation in amount of Baht 1,264.8 million. Business transferer company will subsequently proceed the return of investment to the shareholders.

#### *Saladang Property Management Co., Ltd. (direct subsidiary)*

In January 2018, the Company acquired the ordinary shares of Saladang Property Management Co., Ltd. from Dusit Thani Public Company Limited of 440 shares in amount of Baht 168.68 million. Subsequently, the proportion of shareholding increased from 75% to 86% in accordance with the condition of the agreement.

#### *Joint-Investment in the Mixed-Use Development Project with Dusit Thani Public Company Limited (“Dusit Thani”)*

At the Board of Directors meeting of the Company approved to jointly invest in a mixed-use development project consisting of hotel, residential building, shopping center and office building.

#### *Shareholders’ Agreement and Share Purchase Agreement*

The Company entered into the shareholders’ agreements of Suanlum Property Co., Ltd. (“Suanlum”), Phraram 4 Development Co., Ltd. (“Phraram 4”) and Saladang Property Management Co., Ltd. (“Saladang”) with Dusit Thani. The Company has to acquire investment in ordinary shares from Dusit Thani and to invest in the additional ordinary shares increasing in share capital as specified in the agreement. In addition, Dusit Thani has a share purchase call option of Saladang from the Company in proportion not exceeding 15% of registered capital at conditional price and period as specified in the agreement. In addition, the Company entered into the Share Purchase Agreement for the additional purchase of ordinary shares of Saladang and Suanlum from Dusit Thani, in proportion of 22% and 25% of registered capital of which the shareholding proportion of the Company will be 85% and 100% of registered capital, respectively, at price and period as specified in the agreement. In addition, the Company has to pay service fee for the development of office building project at amount and period as specified at the agreement.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

On 28 June 2017, the Company invested in ordinary shares as follows:

	Number of ordinary shares increased in share capital (in thousand shares)	Number of ordinary shares invested (in thousand shares)	Amounts (in thousand Baht)	Ownership interest (%)
<i>Purchasing of investments in ordinary shares from Dusit Thani</i>				
Suanlum Property Co., Ltd.	-	0.63	63	63
<i>Investing in additional ordinary shares increasing in share capital</i>				
Suanlum Property Co., Ltd.	1,719	1,083	108,297	63
Phraram 4 Development Co., Ltd.	9	9	900	90
Saladang Property Management Co., Ltd.	3	3	300	75
<b>Total</b>			<b>109,560</b>	

In addition, the Company and Dusit Thani will grant loans to Suanlum in proportion as mutually agreed in the agreement. In June 2017, the Company entered into a loan agreement within credit line not exceeding Baht 600 million with Suanlum with interest rate at MLR-2.95% per annum, which has to be partially repaid or fully repaid with interest when Suanlum has sufficient income in repayment of such loan.

*Shopping Center Building Lease Arrangement Agreement*

The Group entered into the Shopping Center Building Lease Arrangement Agreement with Dusit Thani in order that Dusit Thani will be an agent for procurement of lease arrangement of shopping center building. Under the conditions of the agreement, the Group has to pay a deposit in amount of Baht 492.4 million within June 2017 and January 2018 and when the Group is able to enter into a lease agreement for shopping center building with Vimarn Suriya Co., Ltd., the Group has to pay fee at the amount specified in the agreement to Dusit Thani and has to pay rental fee at the amount specified in the lease agreement to Vimarn Suriya Co., Ltd.

In June 2017, the Group paid the deposit of Baht 492.4 million to Dusit Thani.

*Rights and Obligations Agreement*

The Group entered into the Rights and Obligations Agreement with Dusit Thani in order that the Group can enter into a land lease agreement with other party. The Group has to pay compensation amount of Baht 107 million in June 2017.



## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

Investments in subsidiaries and funds as at 31 December 2019 and 2018 and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(% )		(in million Baht)		(in thousand Baht)		(in thousand Baht)					
<b>Subsidiaries</b>												
Central Pattana Rama 2 Co., Ltd.	100.0	100.0	1,500.0	1,500.0	1,500,000	1,500,000	-	-	1,500,000	1,500,000	-	-
Central Pattana Chiangmai Co., Ltd.	100.0	100.0	1,000.0	1,000.0	1,000,000	1,000,000	-	-	1,000,000	1,000,000	500,000	500,000
Central Pattana Realty Co., Ltd.	44.2	44.2	2,268.4	2,268.4	1,003,658	1,003,658	-	-	1,003,658	1,003,658	-	-
Central Pattana Rattana Thibet Co., Ltd.	100.0	100.0	800.0	800.0	589,998	589,998	-	-	589,998	589,998	471,998	383,499
Central Food Avenue Co., Ltd.	100.0	100.0	5.0	5.0	5,000	5,000	-	-	5,000	5,000	32,125	-
Central World Co., Ltd.	100.0	100.0	2,511.9	2,511.9	2,412,733	2,412,733	-	-	2,412,733	2,412,733	-	-
Central Pattana Rama 3 Co., Ltd.	100.0	100.0	324.7	324.7	2,166,751	2,166,751	-	-	2,166,751	2,166,751	48,711	58,453
Central Pattana Chonburi Co., Ltd.	100.0	100.0	900.0	900.0	808,984	808,984	-	-	808,984	808,984	-	405,000
CPN Residence Co., Ltd.	100.0	100.0	400.6	400.6	400,599	400,599	-	-	400,599	400,599	-	-
Central Pattana Development Co., Ltd.	100.0	100.0	700.0	700.0	744,285	744,285	-	-	744,285	744,285	-	-
CPN Global Co., Ltd.	100.0	100.0	2,500.0	2,500.0	2,500,000	2,500,000	-	-	2,500,000	2,500,000	-	-
Central Pattana Nine Square Co., Ltd.	93.3	93.3	2,400.0	2,400.0	2,239,200	2,239,200	-	-	2,239,200	2,239,200	-	-
Central Pattana Khon Kaen Co., Ltd.	78.1	78.1	2,000.0	2,000.0	1,562,684	1,562,684	-	-	1,562,684	1,562,684	281,283	-
CPN Learning Center Co., Ltd.	100.0	100.0	1.0	1.0	1,000	1,000	-	-	1,000	1,000	-	-
CPN Pattaya Co., Ltd.	100.0	100.0	2,500.0	2,500.0	2,500,060	2,500,060	-	-	2,500,060	2,500,060	-	875,000
CPN Rayong Co., Ltd.	100.0	100.0	1,000.0	1,000.0	999,999	999,999	-	-	999,999	999,999	-	-
Bangna Central Property Co., Ltd.	-	-	962.5	962.5	1	1	-	-	1	1	-	-
CPN Korat Co., Ltd.	100.0	100.0	1,000.0	1,000.0	1,000,000	1,000,000	-	-	1,000,000	1,000,000	-	-
CPN Estate Co., Ltd.	100.0	100.0	0.3	0.3	250	250	-	-	250	250	-	-
CPN Residence Khon Kaen Co., Ltd.	100.0	100.0	50.0	50.0	50,000	50,000	-	-	50,000	50,000	-	-
Suanlum Property Co., Ltd.	78.0	63.0	172.0	172.0	294,053	108,360	-	-	294,053	108,360	-	-
Pharam 4 Development Co., Ltd.	90.0	90.0	1.0	1.0	900	900	-	-	900	900	-	-
Saladang Property Management Co., Ltd.	100.0	86.0	0.4	0.4	385,767	168,978	-	-	385,767	168,978	-	-
CPN REIT Management Co., Ltd.	100.0	100.0	10.0	10.0	10,000	10,000	-	-	10,000	10,000	83,350	-
Dara Harbour Co., Ltd.	65.0	65.0	215.6	215.6	291,750	291,750	-	-	291,750	291,750	-	-
CPN Pattaya Hotel Co., Ltd.	100.0	100.0	51.7	51.7	51,745	51,745	-	-	51,745	51,745	50,000	-

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Ownership interest 2019	2018	Paid-up capital 2019	2018	Separate financial statements					
					Cost	Impairment		At cost - net		Dividend income
						2019	2018	2019	2018	
	(%)		(in million Baht)					(in thousand Baht)		
<b>Subsidiaries (continued)</b>										
Chanakun Development Co., Ltd.	100.0	100.0	59.0	59.0	58,994	-	-	58,994	58,994	-
CPN Village Co., Ltd.	70.0	100.0	0.7	1.0	700	-	-	700	1,000	-
Common Ground (Thailand) Co., Ltd.	-	100.0	-	0.25	-	-	-	-	250	-
<b>Funds</b>										
Thai Business Fund 4 <sup>(1) (2)</sup>	100.0	100.0	5,443.8	5,443.8	5,443,793	-	-	5,443,793	5,443,793	12,465,790
Thai Business Fund 5 <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	84,362
<b>Total</b>					<b>28,022,904</b>	<b>27,620,972</b>	<b>27,620,972</b>	<b>28,022,904</b>	<b>27,620,972</b>	<b>13,933,257</b>
										<b>3,619,129</b>

<sup>(1)</sup>Investments in Thai Business Fund 4 and Thai Business Fund 5 are investment units (type C) which have rights to receive dividends subordinated to the other types of unitholders (type A and B).

<sup>(2)</sup>Thai Business Fund 4

In 2009, Thai Business Fund 4 amended the dividend payment policy for investment units type C which should not be greater than net cash remaining after (1) the dividend paid and payable to investment units type A and B, (2) the redemption of capital to investment units type A and B, (3) the deduction of cash reserved for other debt payments and (4) the payment for dividend payable.

All subsidiaries were incorporated and operate in Thailand.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2019

#### 11 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	31 December 2019				
	Grand Canal Land Public Company Limited	Central Pattana Khon Kaen Co., Ltd.	Central Plaza i-City Real Estate Sdn. Bhd.	Other individually immaterial subsidiaries	Total
		<i>(in thousand Baht)</i>			
Non-controlling interest percentage	32.5%	21.9%	40.0%		
Current assets	3,622,550	66,877	105,737		
Non-current assets	31,508,708	5,097,050	5,835,398		
Current liabilities	(4,144,637)	(183,074)	(1,000,488)		
Non-current liabilities	(12,410,668)	(475,375)	(2,260,720)		
<b>Net assets</b>	<b>18,575,953</b>	<b>4,505,478</b>	<b>2,679,927</b>	<b>244,924</b>	<b>8,333,855</b>
Carrying amount of non-controlling interest	6,031,612	985,348	1,071,971		
Revenue	501,044	1,078,806	327,013		
Profit (loss) for the year	170,396	452,183	(448,787)		
<b>Total comprehensive income</b>	<b>170,396</b>	<b>452,183</b>	<b>(448,787)</b>	<b>96,143</b>	<b>70,847</b>
Profit allocated to non-controlling interest	55,327	98,892	(179,515)		
Cash flows from (used in) operating activities	(51,960)	203,576	(862,852)		
Cash flows from (used in) investing activities	409,545	(141,974)	(183,135)		
Cash flows from (used in) financing activities (dividends to non-controlling interest: nil)	(484,719)	(13)	1,015,238		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(127,134)</b>	<b>61,589</b>	<b>(30,749)</b>		

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	31 December 2018			
	Grand Canal Land Public Company Limited	Central Pattana Khon Kaen Co., Ltd.	Central Plaza i-City Real Estate Sdn. Bhd.	Other individually immaterial subsidiaries
		(in thousand Baht)		
Non-controlling interest percentage	32.5%	21.9%	40.0%	
Current assets	4,006,614	113,218	197,329	
Non-current assets	31,887,407	5,073,083	5,520,653	
Current liabilities	(2,888,244)	(292,783)	(1,432,696)	
Non-current liabilities	(14,899,762)	(478,945)	(1,013,161)	
<b>Net assets</b>	<b>18,106,015</b>	<b>4,414,573</b>	<b>3,272,125</b>	
Carrying amount of non-controlling interest	5,879,023	965,467	1,308,850	296,377
				<b>8,449,717</b>
Revenue	479,852	1,844,631	-	
Profit (loss) for the year	8,692	645,409	(95,822)	
<b>Total comprehensive income</b>	<b>8,692</b>	<b>645,409</b>	<b>(95,822)</b>	
Profit allocated to non-controlling interest	2,822	141,151	(38,329)	62,056
				<b>167,700</b>
Cash flows from operating activities	301,437	1,080,488	113	
Cash flows from (used in) investing activities	398,716	(1,076,048)	(2,631)	
Cash flows from (used in) financing activities (dividends to non-controlling interest: nil)	(521,785)	(1,993)	2,487	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>178,368</b>	<b>2,447</b>	<b>(31)</b>	

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**12 Investments in associates and joint ventures**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Associates</b>					
At 1 January		7,045,707	5,920,082	7,886,681	7,867,433
Increase		-	19,248	-	19,248
Investment in subsidiaries from business acquisition	4	-	951,620	-	-
Share of net profit of investment equity method		1,340,164	1,089,896	-	-
Dividend income / reduction of unit capitals		(1,028,408)	(935,139)	-	-
<b>At 31 December</b>		<b>7,357,463</b>	<b>7,045,707</b>	<b>7,886,681</b>	<b>7,886,681</b>
<b>Joint ventures</b>					
At 1 January		2,853,474	380,079	232,500	232,500
Increase		2,106,902	56,100	35,700	-
Investment in joint ventures from business acquisition	4	6,120	2,520,040	-	-
Reclassify from subsidiaries	10	19,125	-	19,125	-
Downstream elimination		(131,800)	-	-	-
Share of net loss of joint ventures		(47,906)	(102,745)	-	-
Reversal of share of net losses from investment in joint ventures in excess of investment value		3,244	-	-	-
<b>At 31 December</b>		<b>4,809,159</b>	<b>2,853,474</b>	<b>287,325</b>	<b>232,500</b>

**For year ended 31 December 2019**

**Joint ventures**

**Common Ground (Thailand) Co., Ltd.**

According to note 12, in May 2019, the Company entered to a joint venture with Common Ground Works Sdn. Bhd. and MSB Asia Ltd. in the proportion of 51: 29: 20, respectively. The Company made a payment for shares of Baht 19.13 million. As a result, the proportion of shareholding decreased from 100% to 51%; therefore, the Company reclassified this investment from subsidiary to joint venture.

In September 2019, the Board of Directors meeting of Common Ground (Thailand) Co., Ltd., approved a resolution to increase the registered capital from Baht 37.5 million to Baht 78.0 million. The Company paid up for shares of Baht 20.7 million according to shareholding of the Company.

In November 2019, the Board of Directors meeting of Common Ground (Thailand) Co., Ltd., approved a resolution to increase the registered capital from Baht 78.0 million to Baht 103.5 million. The Company paid up for shares of Baht 13 million according to shareholding of the Company.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

##### *Porto Worldwide Limited*

In May 2019, the Group entered into a joint venture with an international company by establishing Porto Worldwide Limited to invest in Grab businesses. The Group had the proportion of shareholding at 33% and has the registered share capital of US Dollar 199.3 million, totalling 199.3 million shares with a par value of 1 US Dollar. The Group made a payment for shares of Baht 2,071.2 million according to shareholding of the Group.

##### *CPN and HKL Company Limited*

In June 2019, the Company entered into a joint venture with a local company by establishing CPN and HKL Company Limited. The Company had the proportion of shareholding at 51% and has the registered share capital of Baht 1 million, totalling 10,000 shares with a par value of 100 Baht. The Company made a payment for shares of Baht 0.5 million according to shareholding of the Company.

In October 2019, the annual general meeting of the shareholders of CPN and HKL Company Limited, a joint venture, approved a resolution to increase the registered share capital from Baht 1 million to Baht 4 million by issuing the ordinary shares of 30,000 shares with par value of Baht 100 per share. The Company already paid up for shares of Baht 1.5 million according to shareholding of the Company.

##### *For year ended 31 December 2018*

##### *Associate*

##### *Vimarn Suriya Co., Ltd.*

In January 2018, the Company acquired investment in additional ordinary shares of Vimarn Suriya Co., Ltd. ("Vimarn Suriya") of Baht 19.2 million at the same proportion of shareholding in accordance with the condition of Share Purchase Agreement.

##### *Shareholders' Agreement and Share Purchase Agreement*

At the Board of Directors meeting of the Company approved to jointly invest in a mixed-use development project consisting of hotel, residential building, shopping center and office building and the Company entered into the shareholders' agreement of Vimarn Suriya with Dusit Thani Public Company Limited ("Dusit Thani"). Vimarn Suriya operates the hotel business, real estate business for sales of condominium units and construction of shopping centers for rent. The Company has to acquire investment in ordinary shares of Vimarn Suriya from Dusit Thani and to invest in the ordinary shares increasing in share capital as specified in the agreement. On 28 June 2017, the Company invested in ordinary shares of 3.85 million shares in proportion of 35% of the registered capital. The Company had paid for share subscription in amount of Baht 288.76 million. In addition, Dusit Thani has a share purchase call option of Vimarn Suriya from the Company in proportion 10% of registered capital at conditional price and within period as specified in the agreement. In addition, the Company entered into the Share Purchase Agreement of Vimarn Suriya from Dusit Thani, to additionally purchase ordinary shares in proportion of 5% of registered capital of which the shareholding proportion of the Company will be 40% of registered capital at price and period as specified in the agreement.

In addition, the Company and Dusit Thani will grant loans to Vimarn Suriya in proportion mutually agreed in the agreement. In June 2017, the Company entered into a loan agreement with credit line not exceeding Baht 350 million with Vimarn Suriya with interest rate at MLR - 1.0% per annum, which has to be partially repaid or fully repaid with interest when Vimarn Suriya has sufficient income in repayment of such loan.

## **Central Pattana Public Company Limited and its Subsidiaries**

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

### **For the year ended 31 December 2019**

#### ***Acquisition of Grand Canal Land Public Company Limited and its subsidiaries***

On 12 September 2018, CPN Pattaya Co., Ltd. (“CPN Pattaya”), a subsidiary of the Company, has purchased ordinary shares of Grand Canal Land Public Company Limited and its subsidiaries according to note 4 of the financial statements.

#### ***CPN Retail Growth Leasehold REIT***

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 Group in March 2018. The capital reduction was in accordance with the Trust established agreement.

#### ***GLAND Office Leasehold Real Estate Investment Trust***

In October 2018, meetings of the Board of Directors of the REIT Manager of the Trust passed resolutions to approve capital reductions at rates of Baht 0.16 per unit trust, respectively, or a total of Baht 80.0 million. The Group received a result of these capital reductions in 2018.

The management of the Group determined that the Group has significant influence over GLAND Office Leasehold Real Estate Investment Trust (“GLANDRT”), even though the Group holds 15% of shares and voting rights in GLANDRT. This is because GLAND REIT Management Co., Ltd. (a subsidiary) has been appointed as the REIT Manager of GLANDRT, which enables the Group to participate in GLANDRT’s policy-making processes, and decisions about dividends or other distributions of GLANDRT. As a result, GLANDRT is deemed to be an associated company of the Group, and the Group recorded investment in the associated company in the consolidated financial statements using the equity method.

#### ***Joint venture***

##### ***Phenomenon Creation Co., Ltd.***

In April 2018, the extraordinary shareholders meeting of Phenomenon Creation Co., Ltd., approved a resolution to call for paid-up shares capital from Baht 290 million to Baht 350 million by calling paid-up shares of 40 million shares with a par value of Baht 1.5 per share totalling Baht 60 million. The Group invested in those increase shares 51% of Baht 30.6 million with the proportion of shareholding of the Group.

In July 2018, the extraordinary shareholders meeting of Phenomenon Creation Co., Ltd., approved a resolution to call for paid-up shares capital from Baht 350 million to Baht 390 million by calling paid-up shares of 40 million shares with a par value of Baht 1 per share totalling Baht 40 million. The Group invested in those increase shares 51% of Baht 20.4 million with the proportion of shareholding of the Group.

In August 2018, the extraordinary shareholders meeting of Phenomenon Creation Co., Ltd., approved a resolution to call for paid-up shares capital from Baht 390 million to Baht 400 million by calling paid-up shares of 40 million shares with a par value of Baht 0.25 per share totalling Baht 10 million. The Group invested in those increase shares 51% of Baht 5.1 million with the proportion of shareholding of the Group.

#### ***Collateral***

As at 31 December 2019, the Company had part of investment in associate at cost of Baht 991.5 million which was used as collateral for the joint investment agreement with Dusit Thani Public Company Limited. (2018: Baht 991.5 million)

Investments in associates and joint ventures as at 31 December 2019 and 2018 and dividend income from the investment for the years then ended were as follows:

Consolidated financial statements											
	Ownership interest	Paid-up capital		Cost		Equity		Fair value of listed securities		Dividend income	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)					(in thousand Baht)					
<b>Associates</b>											
CPN Commercial Growth Leasehold Property Fund	25.0	25.0	4,394,382	4,394,382	1,098,598	620,117	582,380	1,333,250	1,621,232	107,366	105,103
CPN Retail Growth Leasehold REIT	26.7	26.7	29,653,383	29,653,383	6,480,076	5,479,880	5,208,737	19,339,585	15,058,303	868,049	808,146
Vimarn Suriya Co., Ltd.	35.0	35.0	880,020	880,020	308,007	295,309	304,387	-	-	-	-
GLAND Office Leasehold Real Estate Investment Trust	15.0	15.0	4,558,489	4,558,489	951,620	962,157	950,203	997,038	884,591	52,993	21,890
<b>Total</b>					<b>8,838,301</b>	<b>7,357,463</b>	<b>7,045,707</b>			<b>1,028,408</b>	<b>935,139</b>
<b>Joint ventures</b>											
Phenomenon Creation Co., Ltd.	51.0	51.0	400,000	290,000	204,000	166,938	190,042	-	-	-	-
Synergistic Property Development Co., Ltd.	50.0	50.0	465,000	465,000	232,500	231,951	232,121	-	-	-	-
Bayswater Co., Ltd.	50.0	50.0	10,000	10,000	2,526,160	2,301,037	2,431,311	-	-	-	-
Common Ground (Thailand) Co., Ltd	51.0	-	103,500	-	-	37,967	-	-	-	-	-
Porto Worldwide Limited	33.0	-	6,334,324	-	-	2,071,266	-	-	-	-	-
CPN and HKL Company Limited	51.0	-	4,000	-	-	-	-	-	-	-	-
<b>Total</b>					<b>2,956,540</b>	<b>4,809,159</b>	<b>2,853,474</b>			-	-



## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2019

Investments in associates and joint ventures as at 31 December 2019 and 2018 and dividend income from the investment for the years then ended were as follows:

	Separate financial statements						
	Ownership interest		Paid-up capital		Cost		Dividend income
	2019	2018	2019	2018	2019	2018	
	(%)				(in thousand Baht)		
<b>Associates</b>							
CPN Commercial Growth Leasehold Property Fund	25.0	25.0	4,394,382	4,394,382	1,098,598	1,621,232	105,103
CPN Retail Growth Leasehold REIT	26.7	26.7	29,653,383	29,653,383	6,480,076	15,058,303	808,147
Vimarn Suriya Co., Ltd.	35.0	35.0	880,020	880,020	308,007	-	-
<b>Total</b>					<b>7,886,681</b>	<b>7,886,681</b>	<b>913,250</b>
<b>Joint ventures</b>							
Synergistic Property Development Co., Ltd.	50.0	50.0	465,000	465,000	232,500	-	-
Common Ground (Thailand) Co., Ltd.	51.0	-	103,500	-	52,785	-	-
CPN and HKL Company Limited	51.0	-	4,000	-	2,040	-	-
<b>Total</b>					<b>287,325</b>	<b>232,500</b>	<b>-</b>

All associates and joint ventures were incorporated and mainly operate in Thailand, except Porto Worldwide Limited which was incorporated and operates in Hongkong.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Associates*

The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	CPN Commercial Growth Leasehold Property Fund 2019	CPN Commercial Growth Property Fund 2018	CPN Retail Growth Leasehold REIT 2019	(in thousand Baht) 2018	GLAND Office Leasehold Real Estate Investment Trust 2019	2018
Revenue	652,869	643,327	5,141,594	4,927,347	700,857	701,498
Total comprehensive income (100%)	492,340	470,646	3,756,110	3,577,699	432,986	397,918
<b>Group's share of total comprehensive income</b>	<b>123,085</b>	<b>117,661</b>	<b>1,002,506</b>	<b>954,888</b>	<b>64,948</b>	<b>59,688</b>
Current assets	60,316	126,277	1,313,387	1,100,360	217,120	285,109
Non-current assets	5,088,970	5,062,369	45,373,642	45,749,424	5,809,122	5,669,194
Current liabilities	(22,082)	(32,654)	(588,009)	(528,345)	(89,785)	(159,374)
Non-current liabilities	(421,772)	(446,368)	(16,397,833)	(16,326,228)	(1,123,371)	(1,121,438)
Net assets (100%)	4,705,432	4,709,624	29,701,187	29,995,211	4,813,086	4,673,491
Unrealised from fair value measurement	142,816	(12,319)	(1,829,437)	(3,139,359)	1,093,714	1,153,616
	4,848,248	4,697,305	27,871,750	26,855,852	5,906,800	5,827,107
Group's share of net assets	1,212,062	1,174,325	7,438,970	7,167,827	886,020	874,066
Elimination of unrealised profit from sale of assets to associate	(591,945)	(591,945)	(1,959,090)	(1,959,090)	76,137	76,137
<b>Carrying amount of interest in associates</b>	<b>620,117</b>	<b>582,380</b>	<b>5,749,800</b>	<b>5,208,737</b>	<b>962,157</b>	<b>950,203</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Immaterial associates and joint ventures*

The following is summarized financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	Immaterial Associates		Immaterial Joint ventures	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Carrying amount of interests in immaterial associates and joint ventures	295,309	304,386	4,809,159	2,853,474
Group's share of:				
- Total comprehensive income	(9,078)	(2,674)	(47,906)	(26,810)

**13 Advance payment for shares**

In May 2019, the Company entered into the Share Purchase Agreement of Bayswater Company Limited ("Bayswater"), a joint venture between Ratchada Assets Holding Limited (Indirect subsidiary) and BTS Group Holdings Public Company Limited ("BTS Group Holdings") in proportion of 50 : 50. The Company acquired ordinary shares from BTS Group Holdings of 50,000 shares or accounted for 50% of the total issued and paid-up share capital of Bayswater, including related obligations under the agreement, totalling Baht 7,698.72 million. The Company made a partial payment for shares of Baht 2,309.62 million which was recorded as advance payment for shares for the year ended 31 December 2019. Such share purchase will be completed and the Company will have the related obligations under the agreement when it is in accordance with the conditions under the Share Purchase Agreement and other relevant agreements. (See note 37.2)

**14 Investment properties**

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<b>Cost</b>					
At 1 January		137,028,610	109,109,637	51,061,344	49,819,989
Additions		7,018,160	5,562,200	1,469,139	1,283,446
Assets acquired from (adjusted) business combination	4	(265,605)	22,973,114	-	-
Transferred from property, plant, and equipment		-	407,851	-	-
Transfer to real estate projects under development		(165,585)	(896,760)	-	-
Transfer to leasehold right	17	(5,723,935)	(34,260)	(5,723,935)	-
Disposals / amortisation		(194,243)	(93,093)	(108,028)	(42,091)
Difference from financial statements translation		(192,287)	(79)	-	-
<b>At 31 December</b>		<b>137,505,115</b>	<b>137,028,610</b>	<b>46,698,520</b>	<b>51,061,344</b>
<b>Depreciation</b>					
At 1 January		28,616,153	24,137,422	10,031,365	7,912,333
Depreciation charge for the year		4,953,901	4,512,662	2,056,249	2,130,325
Transfer to leasehold right	17	(514,897)	-	(514,897)	-
Disposals / write-off		(53,489)	(33,931)	(21,073)	(11,292)
<b>At 31 December</b>		<b>33,001,668</b>	<b>28,616,153</b>	<b>11,551,644</b>	<b>10,031,366</b>
<b>Net book value</b>					
<b>At 31 December</b>		<b>104,503,447</b>	<b>108,412,457</b>	<b>35,146,876</b>	<b>41,029,978</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>			
	2019		2018	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Investment properties	104,503		108,412	
Leasehold rights (partial)	13,915		7,108	
<b>Total</b>	<b>118,418</b>	<b>252,051</b>	<b>115,520</b>	<b>219,161</b>

	<b>Separate financial statements</b>			
	2019		2018	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Investment properties	35,147		41,030	
Leasehold rights (partial)	8,726		3,325	
<b>Total</b>	<b>43,873</b>	<b>78,187</b>	<b>44,355</b>	<b>75,949</b>

**Measurement of fair value**

*Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

*Valuation technique*

Type of financial asset	Valuation technique
Land	Market Comparison Approach
Shopping center	Income approach Discounted cash flows; The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) and lease terms of tenant.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Investment properties comprise a number of commercial properties that are leased to third parties which consist of:

- |                                    |                                 |
|------------------------------------|---------------------------------|
| - CentralPlaza Chiangmai Airport   | - CentralPlaza Ramindra         |
| - CentralPlaza Bangna              | - CentralPlaza Pinklao          |
| - Central Marina                   | - CentralPlaza Rama 3           |
| - CentralPlaza Rattathibet         | - CentralPlaza Changwattana     |
| - CentralFestival Pattaya Beach    | - CentralPlaza Udonthani        |
| - CentralPlaza Chonburi            | - CentralPlaza Khonkaen         |
| - CentralPlaza Chiangrai           | - CentralPlaza Pisanulok        |
| - CentralPlaza Grand Rama 9        | - Grand Rama 9 Office Building  |
| - Central City Residential         | - Chaengwattana Office Building |
| - Bangna Office Building           | - CentralPlaza Suratthani       |
| - CentralPlaza Lampang             | - CentralPlaza Ubonratchathani  |
| - CentralFestival Chiangmai        | - CentralFestival Hat-yai       |
| - CentralFestival Samui            | - CentralPlaza Salaya           |
| - CentralPlaza Rayong              | - CentralFestival Phuket        |
| - CentralPlaza WestGate            | - CentralFestival EastVille     |
| - CentralPlaza Nakhon Si Thammarat | - CentralPlaza Mahachai         |
| - CentralPlaza Nakhon Ratchasima   | - Central Village               |
| - Projects under development       |                                 |

The Group's projects under development consist of shopping centers and office buildings.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Year ended 31 December</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Amounts recognised in profit or loss for investment properties</i>				
Rental income	16,157,872	14,341,501	6,780,755	6,278,200
<i>Direct operating expenses</i>				
- property that generated rental income	12,169,543	10,376,578	6,066,069	5,681,349
- property that did not generate rental income	896	-	-	-
<i>At 31 December</i>				
<i>Minimum lease payments under non-cancellable operating lease are receivable:</i>				
Within 1 year	16,341,070	14,209,391	9,395,541	6,343,326
1 - 5 years	13,829,795	13,922,535	8,017,592	7,273,602
After 5 years	1,619,041	2,104,553	723,966	1,202,411
<b>Total</b>	<b>31,789,906</b>	<b>30,236,479</b>	<b>18,137,099</b>	<b>14,819,339</b>

Investment properties comprise a number of commercial properties that are leased to third parties. Most of the leases contains an initial non-cancellable period of 3 years. Renewals are negotiated with the lessee. No contingent rents are charged.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**15 Property, plant and equipment**

	<i>Note</i>	Land	Buildings and improvements	Consolidated financial statements Furniture, fixtures, office and transportation equipment (in thousand Baht)			Total
					Asset under construction		
<b>Cost</b>							
At 1 January 2018		91,371	2,525,876	956,126	98,136		3,671,509
Additions		-	21,872	85,991	86,720		194,583
Asset acquire from business combination	4	25	60,550	26,690	7,034		94,299
Transfer to real estate under development		-	-	-	(38,106)		(38,106)
Transfer - net		-	22,476	18,399	(40,875)		-
Disposals / write off		-	(12,545)	(47,853)	663		(59,735)
Effect of movements in exchange rates		-	1	3	-		4
<b>At 31 December 2018 and 1 January 2019</b>		<b>91,396</b>	<b>2,618,230</b>	<b>1,039,356</b>	<b>113,572</b>		<b>3,862,554</b>
Additions		-	25,477	87,049	129,106		241,632
Transfer to real estate under development		-	14,705	41,190	(55,895)		-
Transfer - net		-	(12,081)	(27,785)	(76)		(39,942)
Disposals / write off		-	103	66	-		169
Difference from financial statements translation		-	-	-	-		-
<b>At 31 December 2019</b>		<b>91,396</b>	<b>2,646,434</b>	<b>1,139,876</b>	<b>186,707</b>		<b>4,064,413</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>			
	Land	Buildings and improvements	Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction
<b>Depreciation</b>				Total
At 1 January 2018	-	1,340,999	654,696	1,995,695
Depreciation charge for the year	-	185,393	84,056	269,449
Disposals / write off	-	(9,377)	(39,292)	(48,669)
<b>At 31 December 2018 and 1 January 2019</b>	-	<b>1,517,015</b>	<b>699,460</b>	<b>2,216,475</b>
Depreciation charge for the year	-	186,610	93,944	280,554
Disposals / write off	-	(9,773)	(19,355)	(29,128)
<b>At 31 December 2019</b>	-	<b>1,693,852</b>	<b>774,049</b>	<b>2,467,901</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>				
Owned assets	91,396	1,101,215	336,509	1,642,692
Assets under finance leases	-	-	3,387	3,387
	<b>91,396</b>	<b>1,101,215</b>	<b>339,896</b>	<b>1,646,079</b>
<b>At 31 December 2019</b>				
Owned assets	91,396	952,582	361,325	1,592,010
Assets under finance leases	-	-	4,502	4,502
	<b>91,396</b>	<b>952,582</b>	<b>365,827</b>	<b>1,596,512</b>

Most of property, plant and equipment and office equipment are in respect to the Hilton Pattaya and Centara Hotel Udonthani.

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 396 million (2018: Baht 542 million).

# Central Pattana Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2019

	Buildings and improvements	Separate financial statements Furniture, fixtures, office and transportation equipment (in thousand Baht)	Asset under construction	Total
<b>Cost</b>				
At 1 January 2018	259,986	701,353	44,436	1,005,775
Additions	5,290	57,784	47,405	110,479
Transfer - net	-	13,787	(13,787)	-
Disposals / write off	-	(37,933)	(659)	(38,592)
<b>At 31 December 2018 and 1 January 2019</b>	<b>265,276</b>	<b>734,991</b>	<b>77,395</b>	<b>1,077,662</b>
Additions	8,521	63,325	93,168	165,014
Transfer - net	905	42,036	(42,941)	-
Disposals / write off	-	(17,137)	-	(17,137)
<b>At 31 December 2019</b>	<b>274,702</b>	<b>823,215</b>	<b>127,622</b>	<b>1,225,539</b>
<b>Depreciation</b>				
At 1 January 2018	175,229	467,218	-	642,447
Depreciation charge for the year	12,729	67,227	-	79,956
Disposals / write off	-	(36,915)	-	(36,951)
<b>At 31 December 2018 and 1 January 2019</b>	<b>187,958</b>	<b>497,530</b>	<b>-</b>	<b>685,488</b>
Depreciation charge for the year	12,794	77,101	-	89,895
Disposals / write off	-	(14,196)	-	(14,196)
<b>At 31 December 2019</b>	<b>200,752</b>	<b>560,435</b>	<b>-</b>	<b>761,187</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>77,318</b>	<b>237,461</b>	<b>77,395</b>	<b>392,174</b>
Owned assets	-	-	-	-
Assets under finance leases	<b>77,318</b>	<b>237,461</b>	<b>77,395</b>	<b>392,174</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Separate financial statements</b>		
	<b>Buildings and improvements</b>	<b>Furniture, fixtures, office and transportation equipment (in thousand Baht)</b>	<b>Asset under construction Total</b>
<b>At 31 December 2019</b>			
Owned assets	73,950	259,577	127,622
Assets under finance leases	-	3,203	-
	<b>73,950</b>	<b>262,780</b>	<b>127,622</b>
			<b>461,149</b>
			<b>3,203</b>
			<b>464,352</b>

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 291 million (2018: Baht 402 million).

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**16 Goodwill**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Cost</b>					
At 1 January		1,036,492	-	-	-
Acquired through business combinations	4	-	1,036,492	-	-
<b>At 31 December</b>		<b>1,036,492</b>	<b>1,036,492</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>					
<b>At 31 December</b>		<b>1,036,492</b>	<b>1,036,492</b>	<b>-</b>	<b>-</b>

*Impairment testing for CGUs containing goodwill*

The recoverable amount was based on its value in use, determined by discounting future cash flows to be generated from the continuing use of assets.

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount were as follows:

*Discount rate*

The discount rate was based on weighted average cost of capital, with average industry cost of debt, risk free rate of over 10-year government bond, adding with business risk, trend growth, economic conditions, and investment, including other factors that effect to business operations.

*Terminal value growth rate*

Terminal value growth rate was determined based on average industry growth rate and average gross domestic product ("GDP") growth rate, inflation rates and growth rates of historical earnings before interest, income tax, depreciation and amortisation.

*Budgeted earning before interest, income tax, depreciation and amortisation (EBITDA)*

Budgeted EBITDA was based on expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth. Revenue growth was projected from past experience and business growth of same industries.

Based on the impairment testing, the estimated recoverable amount was estimated to be higher than its carrying amount and no impairment was required to these financial statements.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**17 Leasehold rights**

	<i>Note</i>	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
		<i>(in thousand Baht)</i>	
<b>Cost</b>			
At 1 January 2018		25,930,156	12,356,362
Additions		3,828,504	460,644
Assets acquired from business acquisition	4	108,786	-
Transfer from investment properties	14	34,260	-
Disposal / amortisation		(29,103)	(18,801)
<b>At 31 December 2018 and 1 January 2019</b>		<b>29,872,603</b>	<b>12,798,205</b>
Additions		3,367,628	1,116,024
Transfer from investment properties	14	5,723,935	5,723,935
Disposal / amortisation		(97,244)	(61,198)
<b>At 31 December 2019</b>		<b>38,866,922</b>	<b>19,576,966</b>
<b>Accumulated amortisation</b>			
At 1 January 2018		14,723,099	6,254,913
Amortisation for the year		1,086,249	775,806
Deductions		(22,699)	(5,323)
<b>At 31 December 2018 and 1 January 2019</b>		<b>15,786,649</b>	<b>7,025,396</b>
Amortisation for the year		1,845,073	946,892
Transfer from investment properties	14	514,897	514,897
Disposal / amortisation		(62,234)	(46,056)
<b>At 31 December 2019</b>		<b>18,084,385</b>	<b>8,441,129</b>
<b>Net book value</b>			
<b>At 1 January 2018</b>		<b>11,207,057</b>	<b>6,101,449</b>
<b>At 31 December 2018 and 1 January 2019</b>		<b>14,085,954</b>	<b>5,772,809</b>
<b>At 31 December 2019</b>		<b>20,782,537</b>	<b>11,135,837</b>

During 2019, additional leasehold rights were mainly as the Group has constructed future projects of shopping centers and department stores by acquiring of assets for using in shopping centers of Central World and CentralPlaza Lardprao in amount of Baht 450.50 million (2018: Baht 652.39 million) as discussed in notes 4.

In January 2019, the Group paid fees of the additional payment under the land lease agreements with third parties that are the location of CentralPlaza Rama 2 project of Baht 1,790.86 million.

The leasehold rights are commercial properties under long-term operating leases of which mostly were the shopping centers of Central World, CentralPlaza Lardprao and part of projects of CentralPlaza Grand Rama 9, CentralFestival Phuket, CentralPlaza WestGate, CentralFestival EastVille and other projects.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Direct operating expenses</b>				
property that generated rental income	<b>3,872,955</b>	<b>3,765,846</b>	<b>2,782,279</b>	<b>2,678,783</b>

Land leasehold right as presented in the consolidated financial statements, were advance rental fees that a subsidiary paid to two related companies under a land lease agreement with a term of 43 years, which on 30 June 2050.

**18 Rights for usage of assets**

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b>Cost</b>		
At 1 January 2018	601,319	420,953
<b>At 31 December 2018 and 1 January 2019</b>	<b>601,319</b>	<b>420,953</b>
<b>At 31 December 2019</b>	<b>601,319</b>	<b>420,953</b>
<b>Accumulated amortisation</b>		
At 1 January 2018	149,377	74,085
Amortisation charge for the year	37,374	33,514
<b>At 31 December 2018 and 1 January 2019</b>	<b>186,751</b>	<b>107,599</b>
Amortisation charge for the year	37,371	33,514
<b>At 31 December 2019</b>	<b>224,122</b>	<b>141,113</b>
<b>Net book value</b>		
At 1 January 2018	451,942	346,868
<b>At 31 December 2018 and 1 January 2019</b>	<b>414,568</b>	<b>313,354</b>
<b>At 31 December 2019</b>	<b>377,197</b>	<b>279,840</b>

**19 Other non-current assets**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Deposits	5	1,302,692	1,248,805	236,831	174,877
Advance payment for purchases of investment properties and leasehold rights		4,471	291,010	4,352	18,382
Withholding tax deducted at source		91,540	612,493	-	-
Guarantees for leasehold rights		233,239	248,168	-	-
<b>Total</b>		<b>1,631,942</b>	<b>2,400,476</b>	<b>241,183</b>	<b>193,259</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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**20 Interest-bearing liabilities**

<b>Consolidated financial statements</b>							
	<i>Note</i>	Secured	2019 Unsecured	<b>Total</b>	Secured	2018 Unsecured	<b>Total</b>
<i>(in thousand Baht)</i>							
Short-term loans from related parties	5	-	125,761	125,761	-	90,089	90,089
Short-term loans from financial institutions		770,000	4,200,000	4,970,000	520,000	7,428,005	7,948,005
Current portion of long-term loans from financial institutions		-	1,569,203	1,569,203	522,869	1,405,097	1,927,966
Current portion of long-term loans from institutional investors		-	2,200,000	2,200,000	-	1,000,000	1,000,000
Long-term loans from related parties	5	-	692,724	692,724	-	-	-
Long-term loans from financial institutions		2,531,906	7,080,968	9,612,874	3,322,044	5,150,103	8,472,147
Long-term loans from institutional investors		-	14,857,940	14,857,940	-	11,050,000	11,050,000
<b>Total interest-bearing liabilities</b>		<b>3,301,906</b>	<b>30,726,596</b>	<b>34,028,502</b>	<b>4,364,913</b>	<b>26,123,294</b>	<b>30,488,207</b>

<b>Separate financial statements</b>							
	<i>Note</i>	Secured	2019 Unsecured	<b>Total</b>	Secured	2018 Unsecured	<b>Total</b>
<i>(in thousand Baht)</i>							
Short-term loans from related parties	5	-	9,861,746	9,861,746	-	9,694,518	9,694,518
Short-term loans from financial institutions		-	3,600,000	3,600,000	-	3,700,000	3,700,000
Current portion of long-term loans from financial institutions		-	1,569,203	1,569,203	-	1,405,097	1,405,097
Current portion of long-term loans from institutional investors		-	800,000	800,000	-	1,000,000	1,000,000
Long-term loans from related parties	5	-	8,105,328	8,105,238	-	12,548,929	12,548,929
Long-term loans from financial institutions		-	7,080,968	7,080,968	-	5,150,103	5,150,103
Long-term loans from institutional investors		-	12,400,000	12,400,000	-	7,200,000	7,200,000
<b>Total interest-bearing liabilities</b>		<b>-</b>	<b>43,417,245</b>	<b>43,417,245</b>	<b>-</b>	<b>40,698,647</b>	<b>40,698,647</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Within 1 year	8,864,964	10,966,060	15,830,949	15,799,615
1 - 5 years	23,050,967	15,987,441	25,473,725	22,666,232
After 5 years	2,112,571	3,534,706	2,112,571	2,232,800
<b>Total</b>	<b>34,028,502</b>	<b>30,488,207</b>	<b>43,417,245</b>	<b>40,698,647</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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As at 31 December, secured loans of the Group were collateralised by the following assets:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in million Baht)</i>			
Real estate projects under development	9	156	344	-	-
Investment properties	14	14,635	14,663	-	-
Leasehold rights	17	97	108	-	-
<b>Total</b>		<b>14,888</b>	<b>15,115</b>	<b>-</b>	<b>-</b>

As at 31 December 2019 the Group had unutilised credit facilities totalling Baht 14,213 million (2018: Baht 12,593 million).

***Restricted bank deposits***

Restricted bank deposits are fixed deposits which the Group had used to guarantee credit facilities.

***Short-term loans from financial institutions***

Short-term loans from financial institutions of the Group were promissory notes and at call for repayment.

***Short-term loans from institutional investors***

***Central Pattana Public Company Limited***

In July 2019, the Company issued bills of exchange totalling Baht 1,600 million. The bills of exchange have term to maturity of 6 months, maturing in January 2020.

In August 2019, the Company issued bills of exchange totalling Baht 1,500 million. The bills of exchange have term to maturity of 6 months, maturing in January 2020.

***Grand Canal Land Public Company Limited***

In August 2019, the Group issued bills of exchange totalling Baht 300 million. The bills of exchange have term to maturity of 6 months, maturing in February 2020.

In November 2019, the Group issued bills of exchange totalling Baht 100 million. The bills of exchange have term to maturity of 6 months, maturing in May 2020.

In December 2019, the Group issued bills of exchange totalling Baht 200 million. The bills of exchange have term to maturity of 6 months, maturing in June 2020.

***Long-term loans from financial institutions***

***Central Pattana Public Company Limited***

In September 2015, the Company entered into a loan agreement not exceeding of Baht 1,000 million credit facility agreement with a financial institution. Such agreement stipulated the Company to repay the principal in 36 monthly instalments. As at 31 December 2019, the Company had already fully withdrawn total amount of loan.

## **Central Pattana Public Company Limited and its Subsidiaries**

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

#### **For the year ended 31 December 2019**

In September 2018, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 21 monthly instalments. As at 31 December 2019, the Company had already fully withdrawn total amount of loan.

In November 2018, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 14 semi-annually instalments. As at 31 December 2019 the Company had already fully withdrawn total amount of loan.

In November 2018, the Company entered into a loan agreement not exceeding of Baht 1,000 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the first principle within the next 24 months after the first withdrawn and repays in 21 quarterly instalments. As at 31 December 2019, the Company had already fully withdrawn total amount of loan.

In December 2018, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 14 semi-annually instalments. As at 31 December 2019, the Company had already fully withdrawn total amount of loan.

In December 2018, the Company entered into a loan agreement not exceeding of Baht 500 million credit facility agreement with a financial institution. Such agreement stipulates that the Company repays the principle in 36 monthly instalments. As at 31 December 2019, the Company had already fully withdrawn total amount of loan.

In March 2019, the Company entered into a loan agreement not exceeding of Baht 2,000 million credit facility agreement with a financial institution. Such agreement stipulated the Company to repay the principal in 25 months after the first withdrawal date and repays the principle in 35 monthly instalments. As at 31 December 2019, the Company has already fully withdrawn total amount of loan.

In May 2019, the Company entered into a loan agreement not exceeding of Baht 1,500 million credit facility agreement with a financial institution. Such agreement stipulated the Company to repay the principal in 25 months after the first withdrawal date and repays the principle in 35 monthly instalments. As at 31 December 2019, the Company has already fully withdrawn total amount of loan.

#### *Grand Canal Land Public Company Limited*

In September 2010, the Group entered into a loan agreement not exceeding of Baht 3,100 million credit facility agreement with a financial institution. Such agreement stipulated the Company to pay the remaining instalments fully within 3 years, starting from 17 July 2019. As at 31 December 2019, the Company had withdrawn of Baht 2,532 million (2018: Baht 3,100 million).

## **Central Pattana Public Company Limited and its Subsidiaries**

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

### **For the year ended 31 December 2019**

#### ***Long-term loans from institutional investors***

The Company issued Thai Baht denominated, name registered, unsubordinated and unsecured debentures without debenture holders' representative as follows:

#### ***Central Pattana Public Company Limited***

In October 2011, the Group issued through private placement Baht 300 million. The debentures have term to maturity of 10 years, maturing on 12 October 2021, and pay interest every six-month period.

In June 2015, the Company issued through private placement Baht 1,000 million. The debentures have term to maturity of 6 years, 7 month and 10 days, maturing on 12 January 2022, and pay interest on maturing.

In August 2015, the Group issued through private placement Baht 800 million. The debentures have term to maturity of 7 years, maturing on 6 August 2022, and pay interest twice a year.

In December 2015, the Company issued through private placement Baht 800 million. The debentures have term to maturity of 5 years, maturing on 16 December 2020, and pay interest twice a year.

In December 2015, the Company issued through private placement Baht 800 million. The debentures have term to maturity of 5 years, maturing on 16 December 2021, and pay interest twice a year.

In December 2015, the Company issued through private placement Baht 600 million. The debentures have term to maturity of 7 years, maturing on 16 December 2022, and pay interest twice a year.

In August 2018, the Company issued through private placement Baht 1,900 million. The debentures have term to maturity of 3 years, maturing on 8 August 2021, and pay interest every six month period.

In August 2018, the Company issued through private placement Baht 1,000 million. The debentures have term to maturity of 7 years, maturing on 8 August 2025, and pay interest every six month.

In May 2019, the Company issued debentures totalling Baht 2,000 million. The debentures have term to maturity of 4 years, maturing in 2 May 2023.

In May 2019, the Company issued debentures totalling Baht 1,500 million. The debentures have term to maturity of 3 years, maturing in 2 May 2022.

In July 2019, the Company issued debentures totalling Baht 2,000 million. The debentures have term to maturity of 3 years, maturing in 18 July 2022.

In July 2019, the Company issued debentures totalling Baht 500 million. The debentures have term to maturity of 10 years, maturing in 18 July 2029.



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**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Grand Canal Land Public Company Limited*

In November 2015, the Group issued through private placement Baht 100 million. The debentures have term to maturity of 5 years, maturing on 26 November 2020, and pay interest every quarter.

In September 2017, the Group issued through private placement Baht 1,100 million. The debentures have term to maturity of 3 years, maturing on 7 September 2020, and pay interest every 6 months.

In November 2017, the Group issued through private placement Baht 1,300 million. The debentures have term to maturity of 3.5 years, maturing on 9 May 2021, and pay interest every quarter.

In November 2017, the Group issued through private placement Baht 200 million. The debentures have term to maturity of 3 years, maturing on 9 November 2020, and pay interest every 6 months.

In April 2018, the Group issued through private placement Baht 1,150 million. The debentures have term to maturity of 4 years, maturing on 26 April 2022, and pay interest every quarter.

Under the loan agreements and conditions regarding the rights and obligations of the debenture issuer stipulate certain covenants which, among other things, require the Group to maintain a debt-to-equity ratio at the rate prescribed in the agreement.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Effective interest rates and reprising / maturing analysis*

	Effective interest rate	Loans from-at floating interest rate	Consolidated financial statements			
			Loans from-at fixed interest rate and the periods in which those liabilities mature			Fair value
			Within 1 year	After 1 year but within 5 years	After 5 years	
<i>At 31 December</i>	(%)		<i>(in thousand Baht)</i>			Total carrying value
<b>2019</b>						
Loans from financial institutions and institutional investors	1.35 - 5.00	14,644,763	2,635,886	14,215,082	1,714,286	33,210,017
						33,600,793
<b>2018</b>						
Loans from financial institutions and institutional investors	0.73 - 5.28	9,147,931	8,692,867	11,128,720	1,428,600	30,398,118
						30,747,322
	Effective interest rate	Loans from-at floating interest rate	Separate financial statements			
			Loans from-at fixed interest rate and the periods in which those liabilities mature			Fair value
			Within 1 year	After 1 year but within 5 years	After 5 years	
<i>At 31 December</i>	(%)		<i>(in thousand Baht)</i>			Total carrying value
<b>2019</b>						
Loans from financial institutions and institutional investors	1.35 - 5.00	10,742,857	1,235,886	11,757,142	1,714,286	25,450,171
						25,827,134
<b>2018</b>						
Loans from financial institutions and institutional investors	0.73 - 5.00	4,500,000	5,247,880	7,278,720	1,428,600	18,455,200
						18,486,879

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**21 Other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Other accounts payable	5	614,508	617,376	342,325	371,766
Retention payable		2,401,018	2,567,251	978,984	1,104,990
Accrued operating expenses		1,735,990	1,995,872	701,845	854,260
Unearned service income		223,173	222,006	88,268	73,382
Accrued interest expense		300,661	227,022	259,394	185,531
Advance received from real estate customers	25	145,808	279,912	-	-
Others		142,691	270,609	70,803	53,220
<b>Total</b>		<b><u>5,563,849</u></b>	<b><u>6,180,048</u></b>	<b><u>2,441,619</u></b>	<b><u>2,643,149</u></b>

**22 Provisions for employee benefits**

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
<b>Statement of financial position</b>				
<b>Non-current provisions for:</b>				
Post-employment benefits				
- Defined benefit plan	<u>649,367</u>	<u>461,329</u>	<u>517,840</u>	<u>364,281</u>
<b>Year ended 31 December</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits				
Defined benefit plan	<u>202,261</u>	<u>56,736</u>	<u>161,730</u>	<u>41,667</u>
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year	-	33,105	-	17,350

**Defined benefit plan**

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 1998 to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<i>Present value of the defined benefit obligations</i>	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
At 1 January		461,329	358,622	364,281	308,000
Increased from Business acquisition	4	-	16,744	-	-
<b>Include in profit or loss:</b>	30				
Current service cost		184,923	45,079	147,894	32,036
Interest on obligation		17,338	11,657	13,836	9,632
<b>Included in other comprehensive income</b>					
Actuarial loss					
- Demographic assumptions		-	(5,692)	-	(4,978)
- Financial assumptions		-	(10,099)	-	(7,893)
- Experience adjustment		-	48,896	-	30,221
		-	<b>33,105</b>	-	<b>17,350</b>
Benefit paid		(14,223)	(3,878)	(8,171)	(2,737)
<b>At 31 December</b>		<b>649,367</b>	<b>461,329</b>	<b>517,840</b>	<b>364,281</b>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

*Project of Central Pattana Group*

<i>Principal actuarial assumptions</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
		(%)		
Discount rate	3.2	3.2	3.2	3.2
Future salary growth	6.0 - 8.0	6.0 - 8.0	6.0 - 8.0	6.0 - 8.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 19 years (2018: 20 years).

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<b>At 31 December 2019</b>				
Discount rate (1% movement)	(65,293)	77,705	(51,511)	61,073
Future salary growth (1% movement)	74,354	(64,029)	58,454	(50,519)
<b>At 31 December 2018</b>				
Discount rate (1% movement)	(47,045)	55,965	(37,450)	44,402
Future salary growth (1% movement)	53,552	(46,134)	42,498	(36,729)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

*Project of Grand Canal Land Group*

<b>Principal actuarial assumptions</b>	2019	2018
	<i>(%)</i>	
Discount rate	2.3 - 2.8	2.3 - 2.8
Future salary growth	6.0	6.0
Employee turnover	1.0 - 35.0	1.0 - 35.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019 and 2018, the weighted-average duration of the defined benefit obligation was 10 years.

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation in the consolidated financial statements by the amounts shown below.

	<i>(in thousand Baht)</i>	
	Increase	Decrease
<b>31 December 2019</b>		
Discount rate (0.5% movement)	(801)	852
Future salary growth (1% movement)	1,937	(1,832)
Employee turnover (10% movement)	(1,853)	2,113
<b>31 December 2018</b>		
Discount rate (0.5% movement)	(656)	698
Future salary growth (1% movement)	1,408	(1,334)
Employee turnover (10% movement)	(1,340)	1,515

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## **Central Pattana Public Company Limited and its Subsidiaries**

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

### **For the year ended 31 December 2019**

#### **23 Share capital**

##### *Share premium*

Section 51 of the Public Companies Act B.E. 1992 requires companies to set aside share subscription money received in excess of the par value of the shares issued as a reserve account ("share premium"). Share premium is not available for dividend distribution.

#### **24 Reserves**

Reserves comprise

##### *Appropriations of profit and/or retained earnings*

##### **Legal reserve**

Section 116 of the Public Companies Act B.E. 1992 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

##### *Other components of equity*

##### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

##### **Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

##### **Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

##### **Surplus from business combination involving entities under common control**

Surplus from business combination involving entities under common control represents the excess of the book value of business under common control over cost as of the acquisition date and have been recorded as a surplus. It is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

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**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**25 Segment information and disaggregation of revenue**

The Group has four reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services. The chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- |                  |  |
|------------------|--|
| <i>Segment 1</i> | Development of shopping center buildings, office building and condominiums for rent including provision of utility services, operator of play land and water theme park in the shopping center buildings |
| <i>Segment 2</i> | Food center services in the shopping centers   |
| <i>Segment 3</i> | Hotel business   |
| <i>Segment 4</i> | Real estate business for sales of land and houses and condominium units  |

Each segment's performance is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Consolidated financial statements						
	Segment 1		Segment 2		Segment 3		Total
	2019	2018	2019	2018	2019	2018	2019
	(in thousand Baht)						2018
<i>Information about reportable segments</i>							
External revenue	31,843,167	28,068,406	851,461	733,019	1,120,527	1,207,833	36,719,392
Inter-segment revenue	186,975	120,912	47	274	2,997	3,334	190,019
<b>Total segment revenue</b>	<b>32,030,142</b>	<b>28,189,318</b>	<b>851,508</b>	<b>733,293</b>	<b>1,123,524</b>	<b>1,211,167</b>	<b>36,909,411</b>
<i>Timing of revenue recognition</i>							
At a point in time	-	-	851,508	733,293	1,123,524	1,211,167	4,879,269
Over time	32,030,142	28,189,318	-	-	-	-	32,030,142
<b>Total revenue</b>	<b>32,030,142</b>	<b>28,189,318</b>	<b>851,508</b>	<b>733,293</b>	<b>1,123,524</b>	<b>1,211,167</b>	<b>36,909,411</b>
Segment profit before income tax	15,631,946	13,259,837	358,748	315,436	564,870	608,827	17,594,064
Interest income	149,584	108,767	-	-	6,115	4,412	164,353
Finance costs	798,399	420,404	-	-	360	472	814,186
Depreciation and amortisation	6,330,777	5,680,892	70,934	30,831	194,971	180,835	6,613,363
Share of profit of investments in associates and joint ventures	1,292,258	987,151	-	-	-	-	1,292,258
Capital expenditure	7,680,720	7,590,802	147,483	198,605	33,781	129,701	7,885,266
Segment assets	125,257,550	122,612,675	412,227	238,982	1,187,514	1,273,596	135,244,103
Segment liabilities	35,304,951	36,002,680	29,917	14,200	307,977	178,866	36,323,360
<i>For the year ended 31 December</i>							
	Segment 1		Segment 2		Segment 3		Total
	2019	2018	2019	2018	2019	2018	2018
	(in thousand Baht)						2018
<i>Timing of revenue recognition</i>							
At a point in time	-	-	333,825	260,518	-	-	333,825
Over time	16,222,490	15,281,386	-	-	-	-	16,222,490
<b>Total revenue</b>	<b>16,222,490</b>	<b>15,281,386</b>	<b>333,825</b>	<b>260,518</b>	<b>-</b>	<b>-</b>	<b>15,541,904</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2019	2018	
	(in thousand Baht)		
<b>Revenues</b>			
Total revenue from reportable segments	36,909,411	32,895,514	
Other revenue	1,870,585	2,685,672	
	<u>38,779,996</u>	<u>35,581,186</u>	
Elimination of inter-segment revenue	(190,019)	(124,520)	
<b>Consolidated revenue</b>	<b><u>38,589,977</u></b>	<b><u>35,456,666</u></b>	
<b>Profit</b>			
Total profit for reportable segments	<u>17,594,064</u>	<u>15,374,008</u>	
Elimination of inter-segment profits	(116,039)	618,677	
Unallocated amounts:			
- Other revenue	1,708,950	2,570,659	
- Other expenses	(6,333,624)	(6,110,239)	
- Share of profit of associates and joint venture	1,292,258	987,151	
<b>Consolidated profit before income tax</b>	<b><u>14,145,609</u></b>	<b><u>13,440,256</u></b>	
<b>Assets</b>			
Total assets for reportable segments	135,244,103	131,931,806	
Other unallocated amounts			
- Investment	14,924,373	12,026,484	
- Deferred tax assets	2,226,344	1,899,879	
- Other assets	17,538,214	15,849,657	
<b>Consolidated total assets</b>	<b><u>169,933,034</u></b>	<b><u>161,707,826</u></b>	
<b>Liabilities</b>			
Total liabilities for reportable segments	36,323,360	36,961,259	
Other unallocated amounts			
- Loans	34,028,503	30,488,208	
- Deferred tax liabilities	1,974,786	2,035,483	
- Other liabilities	17,144,122	18,047,139	
<b>Consolidated total liabilities</b>	<b><u>89,470,771</u></b>	<b><u>87,532,089</u></b>	
	Reportable segment totals	Consolidated totals	
	Adjustment (in thousand Baht)		
<b>Other material items</b>			
<b>2019</b>			
Interest revenue	164,353	-	164,353
Finance costs	814,186	-	814,186
Depreciation and amortisation	6,613,363	-	6,613,363
Capital expenditure	7,858,266	-	7,858,266
<b>2018</b>			
Interest revenue	115,013	-	115,013
Finance costs	426,333	-	426,333
Depreciation and amortisation	5,905,735	-	5,905,735
Capital expenditure	7,964,677	-	7,964,677

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**Geographical information**

The Group is mostly managed and operates principally in Thailand. There are no significant revenues derived from, and no significant assets located in foreign countries.

**Major customers**

Revenue from Central Department Store Group of the Group's 1 and 2 segments represents approximately Baht 2,499 million (2018: Baht 1,429 million) of the Group's total revenues.

**Contract Balances**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	<i>(in thousand Baht)</i>			
At 1 January 2019	-	(358,168)	-	-
Recognised as revenue during the year	-	2,761,793	-	-
Advance received	-	(2,683,537)	-	-
<b>At 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>(279,912)</b>	<b>-</b>	<b>-</b>
Recognised as revenue during the year	-	937,350	-	-
Advance received	-	(803,246)	-	-
<b>At 31 December 2019</b>	<b>-</b>	<b>(145,808)</b>	<b>-</b>	<b>-</b>

**26 Other income**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Management income	5	740,336	767,035	1,043,859	927,984
Contribution income		172,875	221,245	147,289	210,587
Gain from sales of investments		310,231	24,684	309,881	27,342
Others		459,974	600,115	527,016	510,702
<b>Total</b>		<b>1,683,416</b>	<b>1,613,079</b>	<b>2,028,045</b>	<b>1,676,615</b>

**27 Employee benefit expenses**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Salaries, wages and bonus		3,514,983	3,096,575	2,410,507	2,445,151
Defined benefit plans	22	202,261	56,736	161,730	41,667
Defined contribution plans		86,131	56,681	68,516	54,396
Other welfare		476,278	433,541	219,896	188,432
<b>Total</b>		<b>4,279,653</b>	<b>3,643,533</b>	<b>2,860,649</b>	<b>2,729,646</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at rates ranging from 3% to 10% of employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**28 Expenses by nature**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Depreciation and amortisation	14,15,17,18	7,116,899	5,905,735	3,126,550	3,019,601
Utility expenses		5,622,563	5,204,444	3,556,756	3,393,182
Employee benefit expenses	27	4,279,653	3,643,533	2,860,649	2,729,646
Rental expenses		2,657,484	2,235,473	1,557,680	964,536
Cost of sale of real estate		1,833,045	1,565,355	-	-
Marketing expenses		1,326,794	1,263,515	801,518	947,028
Repair and maintenance		874,835	829,190	462,784	442,697
Consulting and other fees		488,308	482,363	288,177	321,183
Finance costs	29	811,469	426,333	1,183,462	1,184,608
Others		725,576	1,447,620	640,989	873,333
<b>Total</b>		<b>25,736,626</b>	<b>23,003,561</b>	<b>14,478,565</b>	<b>13,875,814</b>

**29 Finance costs**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Interest expense					
- Related parties	5	-	-	456,941	852,770
- Financial institutions and institutional investors	5	1,040,076	546,354	704,634	364,438
Fee for financial institutions and institutional investors		37,380	120,024	27,956	23,648
<b>Total finance costs</b>		<b>1,077,456</b>	<b>666,378</b>	<b>1,189,531</b>	<b>1,240,856</b>
<i>Less</i> amounts included in the cost of assets:					
- Real estate projects under development	9	(126,718)	(90,318)	-	-
- Investment properties, property plant and equipment and leasehold rights		(139,269)	(149,727)	(6,069)	(56,248)
		<b>(265,987)</b>	<b>(240,045)</b>	<b>(6,069)</b>	<b>(56,248)</b>
<b>Net</b>		<b>811,469</b>	<b>426,333</b>	<b>1,183,462</b>	<b>1,184,608</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2019**

**30 Income tax**

*Income tax recognised in profit or loss*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	2,741,412	2,338,360	1,203,940	965,973
<b>Deferred tax expense</b>				
Movements in temporary differences	(405,054)	(281,458)	(162,768)	(120,459)
<b>Total</b>	<b>2,336,358</b>	<b>2,056,902</b>	<b>1,041,172</b>	<b>845,514</b>

<b>Consolidated financial statements</b>						
	2019		2018			
<i>Income tax</i>	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
<b>Recognised in other comprehensive income</b>						
Actuarial losses	-	-	-	33,105	(6,621)	26,484
Unrealised (gain) loss from investment	(89,457)	17,891	(71,566)	271,149	(50,298)	220,851
<b>Total</b>	<b>(89,457)</b>	<b>17,891</b>	<b>(71,566)</b>	<b>304,254</b>	<b>(56,919)</b>	<b>247,335</b>

<b>Separate financial statements</b>						
	2019		2018			
<i>Income tax</i>	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
<b>Recognised in other comprehensive income</b>						
Actuarial losses	-	-	-	17,350	(3,470)	13,880
Unrealised (gain) loss from investment	(88,245)	17,649	(70,596)	271,746	(53,133)	218,613
<b>Total</b>	<b>(88,245)</b>	<b>17,649</b>	<b>(70,596)</b>	<b>289,096</b>	<b>(56,603)</b>	<b>232,493</b>

<b>Consolidated financial statements</b>				
<b>Reconciliation of effective tax rate</b>		2019		2018
	Tax rate (%)	(in thousand Baht)	Tax rate (%)	(in thousand Baht)
Profit before income tax expense		14,145,609		13,448,195
Income tax using the tax rate	20	2,829,122	20	2,689,639
Income not subject to tax		(689,117)		(577,138)
Additional deductible expenses for tax purposes		(132,672)		(144,400)
Expenses not deductible for tax purposes		127,955		29,028
Elimination in consolidated financial statement from income not subject to tax		201,070		59,773
<b>Total</b>	<b>17</b>	<b>2,336,358</b>	<b>15</b>	<b>2,056,902</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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<i>Reconciliation of effective tax rate</i>	<b>Separate financial statements</b>			
	2019		2018	
	<i>Tax rate (%)</i>	<i>(in thousand Baht)</i>	<i>Tax rate (%)</i>	<i>(in thousand Baht)</i>
Profit before total income tax expense		19,656,646		8,408,691
Income tax using the tax rate	20	3,931,329	20	1,681,738
Income not subject to tax		(2,828,020)		(770,790)
Additional deductible expenses for tax purposes		(71,538)		(69,177)
Expenses not deductible for tax purposes		9,401		3,743
<b>Total</b>	<b>6</b>	<b>1,041,172</b>	<b>12</b>	<b>845,514</b>

<i>Deferred taxes At 31 December</i>	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
Total	2,328,906	2,109,927	(102,562)	(210,048)
Set off of tax	(102,562)	(210,048)	2,077,347	2,245,531
<b>Net deferred tax assets (liabilities)</b>	<b>2,226,344</b>	<b>1,899,879</b>	<b>1,974,785</b>	<b>2,035,483</b>

<i>Deferred tax At 31 December</i>	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2019	2018	2019	2018
		<i>(in thousand Baht)</i>		
Total	1,113,180	1,011,549	(120,137)	(163,625)
Set off of tax	(120,137)	(163,625)	120,137	163,625
<b>Net deferred tax assets</b>	<b>993,043</b>	<b>847,924</b>	<b>-</b>	<b>-</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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<i>Deferred tax</i>	<b>Consolidated financial statements</b> (Charged) / credited to:			At 31 December
	At 1 January	Profit or loss	Other comprehensive income	
		(in thousand Baht)		
<b>2019</b>				
<b><i>Deferred tax assets</i></b>				
Trade accounts receivable (allowance for doubtful accounts)	8,600	(3,434)	-	5,166
Real estate under development (allowance for impairment)	3,285	(242)	-	3,043
Investment properties (allowance for impairment)	20,140	-	-	20,140
Investment properties (shopping building under consignment sale agreement)	357,828	(9,739)	-	348,089
Leasehold rights (difference from recognition of rental expenses by straight-line method)	395,903	43,907	-	439,810
Provisions for employee benefits	88,880	38,622	-	127,502
Deposits received from customers	806,642	18,980	-	825,622
Loss carry forward	147,504	82,495	-	229,999
Unrealised loss from investment	50,298	-	(17,891)	32,407
Others	230,847	66,281	-	297,128
<b>Total</b>	<b>2,109,927</b>	<b>236,870</b>	<b>(17,891)</b>	<b>2,328,906</b>
<b><i>Deferred tax liabilities</i></b>				
Gain on lease under finance lease	(210,048)	107,486	-	(102,562)
Real estate under development	(417,992)	60,698	-	(357,294)
Investment properties	(1,617,491)	-	-	(1,617,491)
<b>Total</b>	<b>(2,245,531)</b>	<b>168,184</b>	<b>-</b>	<b>(2,077,347)</b>
<b>Net</b>	<b>(135,604)</b>	<b>405,054</b>	<b>(17,891)</b>	<b>251,559</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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	Consolidated financial statements (Charged) / credited to:				
<i>Deferred tax</i>	At 1 January	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Acquisition through business Combinations	At 31 December
<b>2018</b>					
<b>Deferred tax assets</b>					
Trade accounts receivable <i>(allowance for doubtful accounts)</i>	6,191	(9,796)	-	12,205	8,600
Real estate under development <i>(allowance for impairment)</i>	-	(3,126)	-	6,411	3,285
Investment properties <i>(allowance for impairment)</i>	20,140	-	-	-	20,140
Investment properties <i>(shopping building under consignment sale agreement)</i>	260,381	43,486	-	53,961	357,828
Property, plant and equipment	-	(636)	-	636	-
Leasehold rights <i>(difference from recognition of rental expenses by straight-line method)</i>	387,707	8,196	-	-	395,903
Provisions for employee benefits	71,025	8,030	6,621	3,204	88,880
Deposits received from customers	803,463	(838)	-	4,017	806,642
Loss carry forward	69,822	18,570	-	59,112	147,504
Unrealised loss from investment	-	-	50,298	-	50,298
Others	179,513	43,403	-	7,931	230,847
<b>Total</b>	<b>1,798,242</b>	<b>107,289</b>	<b>56,919</b>	<b>147,477</b>	<b>2,109,927</b>
<b>Deferred tax liabilities</b>					
Gain on lease under finance lease	(375,299)	165,251	-	-	(210,048)
Real estate under development	-	-	-	(417,992)	(417,992)
Investment properties	-	8,918	-	(1,626,409)	(1,617,491)
<b>Total</b>	<b>(375,299)</b>	<b>174,169</b>	<b>-</b>	<b>(2,044,401)</b>	<b>(2,245,531)</b>
<b>Net</b>	<b>1,422,943</b>	<b>281,458</b>	<b>56,919</b>	<b>(1,896,924)</b>	<b>(135,604)</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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<b>Deferred tax</b>	At 1 January	<b>Separate financial statements</b> (Charged) / credited to:		At 31 December
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2019</b>				
<b>Deferred tax assets</b>				
Trade accounts receivable <i>(allowance for doubtful accounts)</i>	6,441	(2,780)	-	3,661
Leasehold rights <i>(difference from recognition of rental expenses by straight-line-method)</i>	389,410	25,993	-	415,403
Provisions for employee benefits	72,964	30,711	-	103,675
Deposits received from customers	422,111	10,480	-	432,591
Others	120,623	37,227	-	157,850
<b>Total</b>	<b>1,011,549</b>	<b>101,631</b>	<b>-</b>	<b>1,113,180</b>
<b>Deferred tax liabilities</b>				
Gain on lease under finance lease	(216,758)	61,137	-	(155,621)
Unrealised loss from investment	53,133	-	(17,649)	35,484
<b>Total</b>	<b>(163,625)</b>	<b>61,137</b>	<b>(17,649)</b>	<b>(120,137)</b>
<b>Net</b>	<b>847,924</b>	<b>162,768</b>	<b>(17,649)</b>	<b>993,043</b>

<b>Deferred tax</b>	At 1 January	<b>Separate financial statements</b> (Charged) / credited to:		At 31 December
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>2018</b>				
<b>Deferred tax assets</b>				
Trade accounts receivable <i>(allowance for doubtful accounts)</i>	3,875	2,566	-	6,441
Leasehold rights <i>(difference from recognition of rental expenses by straight-line-method)</i>	369,985	19,425	-	389,410
Provisions for employee benefits	61,600	7,894	3,470	72,964
Advance received from rental and service income	64,556	21,046	-	85,602
Deposits received from customers	413,322	8,789	-	422,111
Others	34,028	993	-	35,021
<b>Total</b>	<b>947,366</b>	<b>60,713</b>	<b>3,470</b>	<b>1,011,549</b>
<b>Deferred tax liabilities</b>				
Gain on lease under finance lease	(276,504)	59,746	-	(216,758)
Unrealised loss from investment	-	-	53,133	53,133
<b>Total</b>	<b>(276,504)</b>	<b>59,746</b>	<b>53,133</b>	<b>(163,625)</b>
<b>Net</b>	<b>670,862</b>	<b>120,459</b>	<b>56,603</b>	<b>847,924</b>



**Central Pattana Public Company Limited and its Subsidiaries**  
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**31 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years, calculated as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht/thousand shares)</i>			
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>11,738,405</b>	<b>11,215,652</b>	<b>18,615,474</b>	<b>7,563,177</b>
<b>Number of ordinary shares outstanding</b>	<b>4,488,000</b>	<b>4,488,000</b>	<b>4,488,000</b>	<b>4,488,000</b>
<b>Basic earnings per share (in Baht)</b>	<b>2.62</b>	<b>2.50</b>	<b>4.15</b>	<b>1.69</b>

**32 Dividends**

At the annual general meeting of the shareholders of the Company held on 26 April 2019, the shareholders approved a resolution to approve the appropriation of dividend from operating result in 2018 of Baht 1.1 per share, amounting to Baht 4,936.6 million. The dividend was paid to the shareholders in May 2019.

At the annual general meeting of the shareholders of the Company held on 27 April 2018, the shareholders approved the distribution of dividend from 2017 operating result in the amount of Baht 1.40 per share, totalling Baht 6,283.1 million. The dividend was paid to the shareholders in May 2018.

**33 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties.

***Capital management***

The Board of Directors' policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Board monitors the return on capital which the Group defines as result from operating activities divided by total shareholders' equity, excluding minority interests, and also the level of dividends to ordinary shareholders.

Risk management: Main sources of capital of the Group are from equity, long-term debts including local money and capital markets through which the Group issues debentures and transfers assets to property funds. The Group abides by conservative capital structure policies which consist of maintaining net interest-bearing debt to equity ratio at approximately 1, procuring capital with appropriate and market-consistent cost of capital and maintaining the level of floating interest rate debts below that of the fixed interest rate to prevent interest rate fluctuation risk.

**Central Pattana Public Company Limited and its Subsidiaries**  
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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 Group's operations and its cash flows because loan interest rates is mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its borrowings is at fixed interest rates to manage exposure to fluctuations in interest rates on specific borrowings.

The effective interest rates of loans receivable and interest-bearing financial liabilities as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were disclosed in notes to the financial statements as follows:

Note 5	Related parties
Note 20	Interest-bearing liabilities

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group will consider to utilise forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies.

<b><i>Assets and liabilities denominated in the foreign currency as at 31 December</i></b>	<b><i>Note</i></b>	<b>Consolidated financial statements</b>	
		<b>2019</b>	<b>2018</b>
		<i>(in thousand Baht)</i>	
<b><i>Hong Kong Dollars</i></b>			
Cash and cash equivalents	6	848	1,560
Other receivables		6	6
Other payables	21	(315)	(380)
<b>Gross balance sheet exposure</b>		<b>539</b>	<b>1,186</b>
<b><i>Ringgit Malaysia</i></b>			
Cash and cash equivalents	6	51,402	16,533
Other receivables		27,413	115,136
Other non-current assets	19	16,011	8,387
Trade accounts payable		(50,564)	(21,627)
Contractor payable		(442)	(4,069)
Other payables	21	(957,163)	(1,084,634)
<b>Gross balance sheet exposure</b>		<b>(913,343)</b>	<b>(970,274)</b>
<b><i>United States Dollars</i></b>			
Cash and cash equivalents	6	209,147	-
Other receivables		4	-
Other non-current assets	19	6,125,532	-
Other payables	21	(168)	-
<b>Gross balance sheet exposure</b>		<b>6,334,515</b>	<b>-</b>
<b>Net exposure</b>		<b>5,421,711</b>	<b>(969,088)</b>

**Central Pattana Public Company Limited and its Subsidiaries**  
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***Credit risks***

The current policies established by the Group to manage credit risk are:

- To collect an advance received as deposit for rental which is generally equivalent to 1 - 6 times of monthly rental income from customers.
- To terminate rental contracts for tenants whose rental fees are outstanding over 90 days.

***Liquidity risks***

The liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The objective of liquidity risk management of the Group is to have appropriate and sufficient capital for cash outflow for investment at present and in the future and to be able to invest such capital to gain appropriate returns under investment policies of the Group.

***Carrying amount and fair values***

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated financial statements			
Fair value			Total		
Level 1		Level 2		Level 3	
(in thousand Baht)					
<b>31 December 2019</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	1,494,137	1,494,137	-	-	1,494,137
Investments in marketable unit trusts classified as available-for-sale investments	1,138,780	-	1,138,780	-	1,138,780
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Short-term loans from financial institutions	(4,970,000)	-	-	(4,967,385)	(4,967,385)
Current portion of loans from financial institutions and institutional investors	(3,769,203)	-	(1,409,650)	(2,387,178)	(3,796,828)
Loans from financial institutions and institutional investors	(24,470,814)	-	(2,494,855)	(22,342,909)	(24,837,764)

**Central Pattana Public Company Limited and its Subsidiaries**  
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		Consolidated financial statements			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
<b>31 December 2018</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	1,846,668	1,846,668	-	-	1,846,668
Investments in marketable unit trusts classified as available-for-sale investments	180,928	-	180,928	-	180,928
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Short-term loans from financial institutions	(7,948,005)	-	-	(7,945,994)	(7,945,994)
Current portion of loans from financial institutions and institutional investors	(2,927,966)	-	-	(2,959,681)	(2,959,681)
Loans from financial institutions and institutional investors	(19,522,147)	-	-	(19,841,647)	(19,841,647)
		<b>Separate financial statements</b>			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
<b>31 December 2019</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	1,494,137	1,494,137	-	-	1,494,137
Investments in marketable unit trusts classified as available-for-sale investments	534,100	-	534,100	-	534,100
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Investment in funds	5,443,793	-	8,237,706	-	8,237,076
Short-term loans from financial institutions	(3,600,000)	-	-	(3,599,892)	(3,599,892)
Current portion of loans from financial institutions and institutional investors	(2,369,203)	-	-	(2,387,178)	(2,387,178)
Loans from financial institutions and institutional investors	(19,480,968)	-	-	(19,840,065)	(19,840,065)

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	Carrying amount	Separate financial statements			
		Fair value			Total
		Level 1	Level 2 (in thousand Baht)	Level 3	
<b>31 December 2018</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available for sale	1,846,668	1,846,668	-	-	1,846,668
Investments in marketable unit trusts classified as available-for-sale investments	41,460	-	41,460	-	41,460
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Investment in funds	5,443,793	-	17,171,947	-	17,171,947
Short-term loans from financial institutions	(3,700,000)	-	-	(3,692,684)	(3,692,684)
Current portion of loans from financial institutions and institutional investors	(2,405,097)	-	-	(2,414,119)	(2,414,119)
Loans from financial institutions and institutional investors	(12,350,103)	-	-	(12,380,076)	(12,380,076)

The Group and the Company did not disclose the fair value of financial instruments such as trade accounts receivable, other receivables, loans to related parties, trade accounts payable, other payables, contractor payables, loans from related parties, accounts payable for leasehold rights, deposits received from customers because their book value are close to fair value as these financial instruments have short-term maturity.

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**Measurement of fair values**

***Valuation techniques and significant unobservable inputs***

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in note 3 (s).

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Equity securities available for sale	<i>Published price quotation in an active market at reporting date</i>	Not applicable	Not applicable
Investments in marketable unit trusts classified as available-for-sale investments	<i>Net Assets Value as at reporting date</i>	Not applicable	Not applicable

**Financial instruments not measured at fair value**

Type	Valuation technique
Loans from financial institutions	Discounted cash flows
Loans from institutions investors	Determined based on quoted prices in the debenture market from the Thai Bond Market Association by using the closing price at the end of the reporting period.

**Central Pattana Public Company Limited and its Subsidiaries**  
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**34 Leasing properties**

*Additional leased properties to CPN Retail Growth Leasehold REIT (“CPNREIT”)*

On 9 October 2019, at the Board of Directors meeting approved CPNREIT to lease the Group’s assets 5 projects namely Central Marina project, CentralPlaza Lampang project, CentralPlaza Surat Thani projects, CentralPlaza Ubon Ratchathani project and CentralPlaza Rama 2 project (Renewal period). As the lease of assets to CPNREIT fall within the meaning of the disposition of assets based on the value of the consideration given or received basis, calculated using the basis of the total value of consideration, which represents the highest transaction value, compared to all other approaches required by the Notifications on Asset Acquisition or Disposal. The highest amount of such transaction invested by CPNREIT is estimated Baht 48,560 million.

*CPN Retail Growth Leasehold REIT (“CPNREIT”)*

At the Extraordinary General Meeting of Unitholders’ of CPNREIT held on 22 November 2019, had significant resolutions as follows:

1. To approve of additional investments in 5 projects namely CentralMarina project, CentralPlaza Lampang project, CentralPlaza Surat Thani project, CentralPlaza Ubon Ratchathani project, and CentralPlaza Rama II project (Renewal period) (“Group-1 Assets”) from the Group with the total investment value of not exceeding Baht 48,560 million and appoint the Company as a Property manager.
2. To approve of additional investments in 2 projects namely The Ninth Towers Office Building project and Unilever House Office Building project (“Group-2 Assets”) from GLAND Office Leasehold Real Estate Investment Trust (“GLANDRT”) with the total investment value of not exceeding Baht 7,430 million and appoint Grand Canal Land Public Company Limited (“GLAND”) and Sterling Equity Company Limited (“Sterling”) as a Property manager.
3. To approve an amendment of the Property Manager Appointment Agreement for the assets currently invested in by CPNREIT, which are CentralPlaza Rama II project, CentralPlaza Rama III Project, Central Plaza Pinklao project, CentralPlaza Chiangmai Airport project, Central Festival Pattaya Beach project.

*GLAND Office Leasehold Real Estate Investment Trust (“GLANDRT”)*

At the Extraordinary General Meeting of Unitholders’ of GLANDRT held on 22 November 2019, had resolution to acknowledge the timeline of transferred properties of GLANDRT to CPNREIT and delisting from the Stock Exchange of Thailand of trust units of GLANDRT. In addition, unitholders approved the dissolution, liquidation, and delisting from being listed securities on the Stock Exchange of Thailand to be completed within April 2020.

**Central Pattana Public Company Limited and its Subsidiaries**  
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*CentralPlaza Rama 2 project (Renewal period)*

In December 2019, Central Pattana Rama 2 Company Limited, a subsidiary company, entered into a lease property agreement of CentralPlaza Rama 2 project (partial) with CPNREIT, for a lease period of 30 years, starting from 16 August 2025 to 15 August 2055, CPNREIT will pay the rental throughout the lease term of Baht 25,394 million in 2025 and have to place the guarantee to the Group of Baht 1,800 million within the specified period in the contract. The lease agreement can be renewed according to the mutually agreed conditions by informing a written notice at least 12 months in advance before the expiration of the rental period. Assets under lease agreements are as follows:

- Leasing part building and structures of CentralPlaza Rama 2, including part of the shopping center and the indoor parking area
- Leasing the system relevant to the building and structures of CentralPlaza Rama 2.
- Selling the furniture, fixture and equipment.

**35 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<b>Capital commitments</b>				
Contracted but not provide for				
Buildings and facility systems	<b>606</b>	<b>2,079</b>	<b>271</b>	<b>358</b>
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within 1 year	877	847	167	157
1 - 5 years	4,105	3,780	753	689
After 5 years	41,786	40,580	6,012	6,228
<b>Total</b>	<b>46,768</b>	<b>45,207</b>	<b>6,932</b>	<b>7,074</b>
<b>Other commitments</b>				
Bank guarantees	750	780	378	424
Service agreement	156	47	-	-
Real estate projects under development				
agreements	1,325	1,100	-	-
Aval	-	1,790	-	-
<b>Total</b>	<b>2,231</b>	<b>3,717</b>	<b>378</b>	<b>424</b>

(a) A subsidiary entered into a hotel management agreement with a third party whereby the subsidiary agrees to pay annual management fee at the rate of 2% of the hotel's annual operating income and additional compensation as a percentage of gross operating profit as follows:

- 7% from the start of operations to the second year of operation
- 7.5% from the third to the fourth year of operation
- 8% from the fifth year of operation onwards



**Central Pattana Public Company Limited and its Subsidiaries**  
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- (b) The Group entered into a land lease agreement with a third party for the construction of a shopping center for lease. The lease agreement was for a period of 30 years ending in December 2041. Under the conditions of the agreement, the Group paid advance rental and has to pay monthly rental. The rental will be increased every three years at the rate of 10% of the latest monthly rental.
- (c) The Group entered into a land lease agreement with the third party for the construction of a shopping center for lease. The lease agreement was for a period of 30 years ending in May 2027. Under the conditions of the agreement, the Group paid advance rental and has to pay monthly rental. The rental will be increased every five years at the rate of 10% of the latest month rental.
- (d) On 29 June 2007, the Group entered into two land lease agreements with a local company for the construction of a shopping center for lease. Under the conditions of the lease agreements, the Group had to pay advance rental. The first agreement was land lease agreement with no monthly rental for the period of 3 years, from 1 July 2007 to 30 June 2010. The other agreement is a land lease agreement for the period of 30 years from 1 July 2010 to 30 June 2040. Under the conditions of the second lease agreement, the Group had to pay the land rental charge of Baht 700,000 per month which will be increased at the rate of 15% of the latest month rental, every three years from 1 July 2013. This agreement can be renewed for another 10-year period (till 30 June 2050).
- (e) The Group entered into three lease agreements with other parties for the construction of shopping center for lease and shophouses. Two land lease agreements were for a period of 30 years ending in August 2025 and in June 2030, respectively. Another agreement is for a lease of shophouses for a period of 26 years ending in July 2021. Under the conditions of the agreements, the Group has to pay advance rental and guarantee deposit for leasehold rights. In addition, the Group has to pay a monthly rental which will be revised every five years. The Group received a refundable guarantee deposit amounting to Baht 20 million in 1997 and will receive the remaining balance of the refundable guarantee deposits amounting to Baht 298.6 million from the 21<sup>st</sup> year of the lease until the 30<sup>th</sup> year of the lease. The land lease agreements can be renewed for a further period of not less than 15 years by giving written notification one year in advance prior to expiration of the lease period as mutually agreed rate and compensation. The lessor will obtain the ownership rights of shopping center buildings and structures thereon at the expiration of the lease agreement. Upon the expiration of the shophouse lease, the lessor will give the Group a priority in renewing the lease agreement.

Subsequently, in 2018, the Group has extended the land lease agreements period and has entered into new land lease agreements with the third parties who were the existing lessors, with two plots. The first plot has a period of 37 years and 1 month ending in August 2055, and the second plot has a period of 42 years and 1 month ending in June 2060. Under the conditions of the agreement, the Group has to pay fees and monthly rental fees which will be increased every 5 years. The land lease agreements can be renewed for a further period of not less than 15 years by giving written notification three years in advance prior to expiration of the lease period as mutually agreed rate and compensation. At the expiration of the lease agreement the Group will transfer the ownership rights of shopping center buildings and structures thereon to the lessors

- (f) The Group entered into three land lease agreements with the third parties for the construction of shopping center for lease. The lease agreements were for a period of 30 years ending in February 2038. Under the conditions of the agreements, the Group had to pay advance rental and annual rental. The rental will be increased every 3 years at the rate of 12%. The lease agreements can be renewed for another 10-year period by entering into the agreements 2 years prior to the expiration of the lease with the mutually agreed rate and compensation.

**Central Pattana Public Company Limited and its Subsidiaries**  
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- (g) In 2003, the Group entered into a land with structure lease agreement with other party. The lease agreement was for a period of 30 years ending in December 2032. Under the conditions of the agreement, the Group has to pay a monthly rental. The agreement can be renewed for another 30-year period as mutually agreed rate and compensation. The lessor obtained the ownership rights of additional structures started from the date of lease agreement.

In 2007, the Group entered into two memorandums of understanding comprising of the cancellation of certain land lease under the principal agreement with other party (“the lessor”) and appointment of its related company as the new lessee under conditions stipulated in a new agreement between the lessor and the related company for a period of 25 years commencing 1 January 2007 to 22 December 2032. The Group had obtained the compensation from the related company in acquisition of leasehold rights and compensation from cancellation of leasehold rights amounting to Baht 214.3 million and Baht 19.2 million, respectively. However, the Group still has commitment to pay rental fee to other party.

On 19 August 2011, the Group entered into the addition land with structure lease agreement from the principal agreement with other party. The lease agreement was for a period of 21 years and 7 months ending in December 2032. Under the conditions of the agreement the Group has to pay advance annual rental. The agreement can be renewed for another 30-year period by entering into the agreement in advance 3 years prior to the expiration of the lease agreement as mutually agreed rate and compensation. The lessor will give the Company a priority in renewing the lease agreement.

On 25 September 2013, the Group entered into the third memorandum of understanding to amend the lease agreement with other party by amending the renewal period from the 30 years to 38 years, after the completion of the lease period. The lease conditions will be the same, except that the rental charges would be divided into two phases, 8 years and 30 years, respectively, under the following conditions:

- The first 8-year phase, (from 31<sup>th</sup> year - 38<sup>th</sup> year), after the expiration date of the lease period, the lessee has to give a written notification for the renewing of the agreement. The lessor and the Group have to enter into a renewal agreement or a new lease agreement within 22 December 2029, by paying annual rental under the conditions as stated in the lease agreement.
- The 30-year phase, (39<sup>th</sup> - 68<sup>th</sup> year inclusive), after the expiration date of the first 8-year term, under the conditions of the lease agreement, the Group has to give a written notification for the renewing of the agreement to the lessor within 22 December 2035, in order to fix a new rate of the rental charge, also to enter into the renewal agreement, or the new lease agreement within 22 December 2037.

- (h) In 2005, the Group entered into a land lease agreement with a local company for the construction of shopping center and parking building. The lease agreement was for a period of 28 years 10 months ending in September 2034. Under the conditions of the agreement, the Group has to pay a monthly rental from September 2006. The rental will be increased every five years at the rate of 5% of the latest month rental. The lease agreements can be renewed by giving written notification in advance not less than six months prior to expiration of the lease agreement as mutually agreed rate and compensation.

Subsequently, in 2009, the Group entered into a memorandum of understanding to amend for part of land lease agreement under the same period and condition as it may be surrendered to the government for the mass rapid transit.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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On 9 August 2007, the Group entered into a land with structure lease agreement with other party. The lease agreement was for the period of 30 years ending in 31 August 2037. Under the conditions of the agreement, the Group has to pay an annual rental. The rental will be increased every five years at the rate of 35% of the latest monthly rental. The lease agreement can be renewed by giving written notification in advance not less than one year prior to expiration of the agreement.

During 2015, the Group entered into a land lease agreement with other party. The lease agreement was for a period of 3 years, ending on 31 March 2018. Under the conditions of the agreement, the Group has to pay a monthly rental. The lease agreement can be renewed as mutually agreed conditions by giving written notification in advance not less than 60 days prior to the expiration of the agreement.

- (i) The Group entered into two lease agreements with other parties for the construction of shopping centers for lease. The first land lease agreement was for a period of 2 years commencing 21 June 2012 to 20 June 2014. Under the conditions of the agreement, the Group has to pay annual rental of Baht 1.5 million. The second agreement is a land lease agreement for the period of 30 years from 21 June 2014 to 20 June 2044. Under the conditions of the agreement, the Group has to pay monthly rental which will be increased every three years at the rate of 15%. This agreement can be renewed as mutually agreed conditions by giving written notification in advance not less than three months from the notification date from the lessor.
- (j) The Group entered into a land lease agreement with other parties for the construction of shopping centers for lease. The land lease agreement was for a period of 30 years ending in September 2043. Under the conditions of the agreement, the Group had to pay advance rental and annual rental. The rental will be increased every five years at the rate of 15% of the latest annual rental. The lease can be renewed for another 10-year period by entering into the agreement in advance 2 years prior to expiration of the lease agreement as the mutually agreed rate and compensation.
- (k) On 25 September 2013, the Company entered into the first memorandum of understanding to amend the lease agreement with other party dated 19 August 2011 as described in (g) by amending the renewal period from the 30 years to 38 years after the expiration of the lease period. The lease conditions will be the same, except that the rental charges would be divided into two phases, 8 years and 30 years, respectively, under the following conditions:
  - The first 8-year phase after the expiration of the lease period, the lessee has to give a written notification and has enter into a renewal agreement or a new lease agreement within 22 December 2029, by paying annual rental under the conditions as stated in the lease agreement.
  - The 30-year phase after the expiration of the first 8-year term, under the conditions of the lease agreement, the Company has to give a written notification to the lessor within 22 December 2035 in order to fix a new rate of the rental charge, also to enter into the renewal agreement, or the new lease agreement within 22 December 2037.
- (l) The Company entered into a land lease agreement with other party for construction of a shopping center for lease. The lease agreement was for a period of 30 years ending in September 2045. Under the conditions of the agreement, the Company had to pay advance rental and annual rental. The rental will be increased every three years at the rate of 15 % of the latest annual rental.
- (m) The Company entered into several land lease agreements with other party for construction of a shopping center for lease. The lease agreements were for a period of 30 years. However, these agreements can be extended for another 10 years and ending in June 2056. Under the condition of the agreement, the Company has to pay annual rental. The rental will be increased every three years at the rate of 10 % of the latest annual rental.

**Central Pattana Public Company Limited and its Subsidiaries**  
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- (n) The Company entered into sublease land agreements, utility system service agreements and shopping center lease agreement with a local company, for a period of 20 years ending on 30 April 2035. Under the conditions of the agreements, the Company had to pay for leasehold right in the amount of Baht 292.1 million and annual rental throughout the agreement period totalling Baht 1,239.7 million and the monthly service fee throughout the agreement period totalling Baht 62.5 million.
- (o) The Company entered into a land lease agreement with other party for construction of a shopping center. The lease agreement was for a period of 30 years and ending in June 2046. Under the conditions of the agreement, the Company has to pay annual rental which will be increased every ten years. In 2016, the Company entered into the lease agreement extension for another 10 years. The agreement will end in June 2056.
- (p) The Group entered into a land lease agreement with other party for a period of 30 years commencing after the construction period (from July 2017 to July 2024) and ending in June 2054. The agreement can be extended for another 29 years 6 months ending in December 2083. The rental throughout the agreement period is totalling Baht 8,234.3 million.
- (q) The Group entered into a land lease agreement with other party for a period of 30 years commencing in January 2021 and ending in December 2050. The agreement can be extended for another 30 years. Under the conditions of the agreements, the Company had to pay for leasehold right to the lessor in the amount of Baht 175 million and annual rental throughout the agreement period totalling Baht 575 million. Subsequently, the Group entered into a memorandum addendum of land lease agreement which defined the Company to pay additional land rental totalling Baht 160 million.

### **36 Litigation**

- (a) In During 2015, Bayswater Company Limited (“Joint venture”) was received the title of Bangkok Dome Project by winning the public auction at the price of Baht 7,350 million. After that the debtor in bankruptcy case (“Debtor”) requested the court to revoke 3 public auction cases. In this regard, the Supreme Court has dismissed 2 petition pleas of debtor and creditor. Therefore, there is 1 remaining case that the debtor and unsecured creditor of 2 debtors have filed a plea to the Central Bankruptcy Court (“Court”) requesting the Court to revoke the public auction that the Joint venture has won and to suspend the compulsory execution during trial of such revocation. Giving the reason that the official receiver sold the property to the Joint venture at the price that is much lower than the current market price. The Court directed to hold the case in abeyance and staying the execution pending the Supreme Court's decision in other relevant case. In which the Supreme Court has completed the decision of other cases, this case has been returned to the trial again. On 8 November 2018, the Court dismissed the plea. On 26 December 2018, the 1st applicant filed an appeal against the Central Bankruptcy Court decision and directed to forward the case to the Court of Appeal for Specialized Cases for further decision. Meanwhile the 2nd and 3rd applicants were allowed for the time extension to file an appeal until 8 February 2019. On 23 January 2019, the 1st applicant filed the request to withdraw an appeal, while the 2nd and 3rd applicants waived their right to appeal. This case is closed, and the Central Bankruptcy Court has issued the final disposition on March 2019.

During 2017, joint venture was being sued in a civil lawsuit by an individual person who request joint venture to register use of the entrance as a prescriptive servitude. In April 2018, the Civil Court dismissed such request and the Appeal Court affirmed the Civil Court decision in February 2019. And, in January 2020, the Supreme Court has ordered not to allow such individual person to petition. The case is closed.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the year ended 31 December 2019

During 2017, joint venture was being sued in a civil lawsuit by an individual person who request joint venture to register use of the entrance as a prescriptive servitude or as the public road. In March 2018, the Civil Court dismissed such request and the Appeal Court affirmed the Civil Court decision in January 2020. However, such individual person has the right to make a final appeal to the Supreme Court.

During the year 2017, joint venture was being sued in a civil lawsuit by an individual person on the ground of alleged encroachment, mischief and burglary whereby the Criminal Court dismissed the plea in 2018. Therefore, in 2019, the individual person has filed the request for the time extension to appeal and the Appeal Court allowed. In April 2019, the Group filed the objection and the Appeal Court sustained the decision of the case dismissal in February 2020. However, such individual person has the right to make a final appeal to the Supreme Court.

- (b) During 2015, the Group was being sued in a civil lawsuit by a juristic person (“Complainant”) requesting the compensation under the lease and service agreements in the approximately amount of 193.2 million baht. The Appeal Court directed that no compensation be made this case but to return the rental and service deposit including the interest totaling approximately 2.7 million baht to the Complainant. However, the Group and the Complainant filed an appeal to the Supreme Court in 2017. Therefore, the Supreme Court sustained the Appeal Court’s decision in April 2019. In this regard, the outcome of the case has no significant impact on the overall financial statements. The Group has returned the rental and service deposit including the interest totaling approximately 2.7 million baht to the Complainant. The case is closed.
- (c) During 2018, the Group was being sued in a civil lawsuit by a juristic person (“Complainant”) requesting the damages resulting from a breach of contract in the amount of approximately 201.8 million Thai Baht. Therefore, both parties have reached the settlement agreement at the court in September 2019. The case is closed.

### 37 Events after the reporting period

- 37.1 In January 2020, the Company renewed a service agreement with Hang Central Department Store Co., Ltd., a related party, for business consulting and setting policies on business operation of the Company. The agreement was for a period of 3 years ending in 31 December 2022. Under the conditions of the agreement, the Company had to pay monthly service fee at rate 0.55% of the revenues from property assets managed by the Company that comprise of rental and service income, food and beverage income and property management fee income. The sum of the maximum service fees paid throughout the agreement term will not exceed Baht 784.3 million.
- 37.2 In January 2020, the Company informed the payment of remaining shares of Bayswater Company Limited (“Bayswater”), a joint venture between Ratchada Assets Holding Limited (Indirect subsidiary) and BTS Group Holdings Public Company Limited (“BTS Group Holdings”) in proportion of 50 : 50 which in accordance with the conditions in the Share Purchase Agreement and other relevant agreements as discussed in Note 13.
- 37.3 In January 2020, the Company issued bills of exchange totalling Baht 3,000 million. The bills of exchange have term to maturity of 2 months, maturing in March 2020.
- 37.4 In February 2020, the Company entered into the sublease property agreement with Thai Business Fund 4 (Sublessor) for a period of 12 years 11 months, ending in December 2032. Under the conditions in agreement, the Company will make an advance rental payment or will pay monthly rental totalling Baht 17,328 million. The sublease agreement can be renewed following the head lease agreement for a period of 8 years, ending in December 2040.

## Central Pattana Public Company Limited and its Subsidiaries

### Notes to the financial statements

### For the year ended 31 December 2019

37.5 On 13 February 2020, the Board of Director's meeting of GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT") had passed resolutions as follows:

- Dividend payment from the operation period from 1 October 2019 to 31 December 2019 to the trust unitholders at the rate of Baht 0.2078 per trust unit, totalling Baht 103.85 million which will be paid to the trust unitholders on 12 March 2020.
- To pay benefits from the disposal of assets of the Trust to the trust unitholders at the rate of 3.9040 Baht per unit, totalling Baht 1,951.10 million. Such benefits will be paid to the trust unitholders on 12 March 2020.
- To reduce the paid-up capital of the Trust at the rate of 9.1200 Baht per unit Trust, totalling Baht 4,557.89 million. Such benefits will be paid to Trust unit holders on 12 March 2020.
- Decided to set the date to determine the list of GLANDRT's trust unitholders eligible to subscribe to CPNREIT's Additional Trust Units (to post XB sign) on 25 February 2020 and set the book closing date to determine the rights of GLANDRT's trust unitholders eligible to subscribe to Additional Trust Units on 27 February 2020.

37.6 At the Board of Directors' Meeting of the Company held on 20 February 2020, directors have passed the resolutions as follows:

- Approve the share repurchase project for financial management purposes with the number of shares to be repurchased not exceeding 77 million shares or equal to the amount of not exceeding 1.7 of the total paid up capital of the Company and the maximum amount not exceeding Baht 5,000 million. The share repurchase will be conducted through the Stock Exchange of Thailand during 6 March 2020 - 5 September 2020.
- Approved the dividend payment against the 2019 performance outcomes at Baht 1.30 per share. The record date for the right to receive dividend will be on 1 April 2020.

## 38 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation

\* TFRS - Financial instruments standards

### (a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

**Central Pattana Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 68,418 million and Baht 26,543 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

**39 Reclassification of accounts**

	2018					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in thousand Baht)					
<b>Statement of financial position</b>						
Trade accounts payable	(2,123,681)	341,227	(1,782,454)	-	-	-
Contractor payables	(2,930,778)	(341,227)	(3,272,005)	-	-	-
Current provisions for employee benefits	(30,366)	30,366	-	(24,953)	24,953	-
Non-current provisions for employee benefits	(430,964)	(30,366)	(461,330)	(339,330)	(24,953)	(364,283)
		<u>-</u>			<u>-</u>	
<b>Statement of comprehensive income</b>						
Revenue from rental and service	(28,068,405)	(957,450)	(29,025,855)	(14,835,883)	(445,502)	(15,281,385)
Revenue from food and Beverage	(1,849,088)	1,849,088	-	(666,542)	666,542	-
Revenue from food center services	-	(733,018)	(733,018)	-	(260,517)	(260,517)
Other income	(2,570,529)	957,450	(1,613,079)	(2,122,117)	445,502	(1,676,615)
Cost of food and beverage	1,448,220	(1,448,220)	-	518,936	(518,936)	-
Cost of food center services		332,150	332,150		112,911	112,911
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.



# AUDITOR'S REMUNERATION

## AUDITOR'S REMUNERATION

In 2019 audit fee out of the Company and its subsidiaries has been paid for audit firm that the auditor work for amounted to 11,465,000 Baht

## OTHER SERVICE FEE

None.





Along with environmental-friendly manufacturing process, this printing media is printed using Green Ocean paper and soy ink. The overall production helps to reduce Kg.CO<sub>2</sub>eq to turning off 100 light bulbs in one day.



# CENTRAL PATTANA

## **Central Pattana Public Company Limited**

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