

Performance Overview

In 2017, the Thai economy continues to expand with the GDP growth of 3.9% compared to 3.2% in 2016. Factors that drive the economy include 1) Growth in exports at 9.9% from the previous year with strong performances in many product categories including electronics, automotive parts and processed agricultural goods, and higher export value that tracks the higher oil prices. 2) Strong inbound tourism, especially from Chinese tourists as more direct flights from China to Thailand become available and partially helped by the visa fee discount and waiver incentives during the year. 3) Steady growth in private consumption from stimulus packages and recovering agricultural product prices from production expansion and 4) Other supporting factors, such as government spending and other stimulus measures as inflation gradually increases.

Central Pattana Public Company Limited ("The Company" or "CPN") carried out its business plan, while continued placing a great emphasis on effective revenue generation through new shopping malls, enhancement of existing malls, as well as efficient cost management. CPN currently manages 32 shopping malls with the net leasable area (NLA) of approximately 1.7 mn sqm., higher than in 2017 of approximately 1.6 mn sqm. due to the opening of 2 new shopping malls in November 2017, which are CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai. At the end of 2017, the average occupancy rate for CPN's retail properties stood at 92%, slightly lower from the previous quarter due to major renovations at both CentralWorld and CentralPlaza Rama 3.

*Revenues and profits
grew solidly.*

CPN reported its 2017 consolidated net profit at THB 13,568 mn, an increase of 46.8% from the same period in the previous year (YoY). Total revenues stood at THB 34,594 mn, an increase of 18.3% YoY. Excluding non-recurring items, namely the insurance claim from the terrorism risk protection amounted THB 3,500 mn, the conversion of CPN Retail Growth Leasehold Property Fund ("CPNRF") into CPN Retail Growth Leasehold REIT ("CPNREIT") and the lease of CentralFestival Pattaya Beach and Hilton Pattaya, net profit is reported at THB 9,893 mn, an increase of 7.0% YoY, and total revenue at THB 30,875 mn, an increase of 5.6% YoY.

Major Company Events in 2017

*2 new shopping malls:
CentralPlaza Nakhon
Ratchasima and
CentralPlaza Mahachai*

New Shopping Malls in 2017 consists of 2 locations, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, as the Center of Life with complete and immersive customer experience for everyone.

- **CentralPlaza Nakhon Ratchasima**, the 31st shopping mall, was officially opened on November 3, 2017, as part of the largest mixed-use development project in the Isan region. The structural design is inspired by the Mahahong flower, a floral symbol of Nakhon Ratchasima province,

and decorated with the "Seasons of Life" theme. Inside the mall features a variety of historic locations and heritage of the Isan region, such as Pha Keb Tawan, Sam Phan Bok, Saeng Chan Waterfall, Surin Elephant to name a few. Moreover, the shopping mall caters towards new experiences, such as the outdoor market "Talad Dadad" and a co-working space. Total NLA is approximately at 50,000 sqm. with the occupancy rate on the opening day at 80%.

- **CentralPlaza Mahachai**, the 32nd shopping mall, was officially opened on November 23, 2017, with the exterior and interior designs portrays the MAHANAVA, the ship of happiness that symbolizes the way of life in the Samut Sakhon province. Through the semi-outdoor lifestyle concept, the shopping mall serves as the best highway destination for the local communities, commuters and travelers that features a convenience store, plentiful parking space and clean restrooms, the EATALAY zone that showcases renowned seafood restaurants, and the Sarm Samut outdoor market of locally made gifts and delicacies. Total NLA is approximately at 25,000 sqm. with the occupancy rate on the opening day at 85%.

Asset Enhancement Initiatives

CPN continuously engage in asset enhancement programs to increase the value of existing shopping malls, customers, tenants and societies, and create long-term returns. In 2017, CPN engaged in the following asset enhancement initiatives.

- **Major renovations at 2 shopping malls**, namely CentralWorld, which began in 4Q16 through phases and expected to be completed by 3Q18 and has an occupancy rate of 84% at the end of 2017. The other is CentralPlaza Rama 3, which is owned by CPNREIT and has undergone a 6-month renovation program completed and re-opened in December 2017 under the concept of "Where Nature Meets Urban Living", a blend of urban lifestyle close to nature with newly opened zones that feature green and rest areas, along with new stores and a co-working space area.
- **Minor renovations at 3 shopping malls**, namely CentralFestival Phuket and the shopping malls owned by CPNREIT, CentralPlaza Rama 2 and CentralPlaza Chiangmai Airport. The minor renovation includes adding new tenants, changing tenant-mix, re-zoning, enhancing interior and exterior look, and also setting up a new "Food Destination Zone", which combines food court, restaurants, food kiosks, and supermarket altogether at the same area in order to draw traffic into the shopping mall and become a convenient gathering for customers.

Prudent Financial Management and Funding Strategy

In 2017, CPN's average cost of fund stood at 2.81%, lower than the previous year at 3.23%. Meanwhile, total interest-bearing debt stood at THB 9,529 mn, a decrease from THB 17,904 mn from the previous year as a result of effective financial management to match the money and capital markets' environment. CPN successfully maintain an effective capital structure and flexible financing cost structure, as well as prepare adequate funding to support the investment plan and lower the financing cost at the same time.

In 2017, CentralWorld and CentralPlaza Rama 3 have undergone major renovations.

The conversion of CPNRF into CPNREIT marks another success in managing assets effectively to maximize their value.

TRIS Rating upgrade of corporate and debenture ratings to "AA" with stable outlook.

In 2017, CPN launched 3 new condominium projects, which garnered positive responses.

Sustainable development is the key driver to grow the business hand-in-hand with the society and environment.

- On December 1, 2017, CPN announced a successful conversion of CPNRF into CPNREIT and the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya to CPNREIT at a net asset value of THB 11,908 mn, the lease term of which ends on August 31, 2037.
- On September 22, 2017, TRIS Rating Agency upgraded CPN's rating and its ratings of senior unsecured debentures to "AA" from "AA-". The upgrades reflect CPN's stronger financial profile, driven by solid operating performance and reliable streams of income, proven record of managing high quality shopping centers, reliable cash flows from contract-based rental and service income, and conservative financial policy.

Diversification into Mixed-use Development Projects

CPN 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.

- On March 1, 2017, CPN announced at joint venture with Dusit Thani Public Company Limited ("DTC") to jointly invest in a mixed-use development that consists of a hotel, residence, shopping mall and office building. The project is located on the corner between Silom Road and Rama 4 Road, Bangkok, with an investment budget of no more than THB 17,393 mn. In the joint venture, CPN holds 40% ownership in the hotel, residential businesses, 85% in the shopping mall business, 100% in the office building business.
- In November 2017, CPN announced 3 new condominium projects under the names "ESCENT" and "ESCENT VILLE" situated on the same area as the shopping malls, namely at CentralPlaza Nakhon Ratchasima, CentralPlaza Chiangrai, and the second project near CentralFestival Chiangmai, for a total value of THB 2,200 mn. Responses for these projects were widely acclaimed due to their strategic locations, designs and features that match customers' preferences. Construction is ongoing as planned and expected to be completed and ready for transfer in 2019.

Sustainable Growth as a Core Principle in Business

CPN is selected to be the member of the **Dow Jones Sustainability Indices** (DJSI) in the real estate industry under the emerging markets indices for the fourth consecutive year (2014-2017). This is a testimony to CPN's philosophy on sustainable business operations by taking into consideration the interests of the whole, the environment, the related parties and continuously partake in driving the well-being of society and communities forward.

In addition, CPN is chosen amongst the companies with the honor of **Thailand Sustainability Investment 2017** by the Stock Exchange of Thailand, having demonstrated outstanding achievements in sustainable business operations with utmost consideration in environmental, social and governance aspects.

Other Events

- On July 14, 2017, CPN purchased 26 million shares, or 65% of the total 40 million shares, in Dara Harbour Co., Ltd., from Property Perfect Public Company Limited for the amount of THB 291.75 mn. The purpose of the

transaction is to acquire land sublet right to support the business expansion in Si Racha district, Chonburi province. After the completion of the transaction, CPN will hold 65% ownership in Dara Harbour Co., Ltd.

- On July 25, 2017, CPN established a new joint venture, Phenomenon Creation Company Limited, to develop the Theme Park Project in CentralPhuket. The new venture, with a registered capital of THB 400 mn, was jointly invested between Bangna Central Property Co., Ltd. ("BCP"), the subsidiary that CPN indirectly holds 99.99%, and Rightman Co., Ltd. ("RM"). The shareholding ratio of BCP and RM in the new joint venture company is 51:49. The approximated total investment in this project is THB 550 mn which is the BCP's estimated portion of investment of THB 281 mn.
- On September 5, 2017, CPN established a new joint venture, Synergistic Property Development Company Limited, with a registered capital of THB 100,000. The venture was jointly invested with Ek-Chai Distribution System Company Limited for a 50:50 shareholding proportion and will serve the business expansion in the future.

Financial and Operating Performance

As of December 31, 2017, CPN managed 32 shopping centers (14 projects in Bangkok Metropolitan Area (BMA) and 18 projects in the provinces), 28 food courts, 7 office towers, 2 hotel properties, and 1 residential property (totaling 11 units), which includes the properties which had been transferred to CPNREIT and CPN Commercial Growth Leasehold Property Fund ("CPNCG").

At the end of 2017, CPN maintains an average occupancy rate of its shopping malls at 92%, slightly lower than 94% in the previous year. This was largely attributed to the major renovations at CentralWorld and CentralPlaza Rama 3, which at the end of the year have occupancy rates of 84% and 92% respectively.

In 2017, the average rental rate of all shopping malls stood at THB 1,628 per sqm/month. Same store rental rate growth is at 4.2% from THB 1,492 per sqm/month in the previous year to THB 1,555 per sqm/month as a result of rate escalations and lower discounts given to tenants at most shopping malls and strong post-renovation growth at certain shopping malls, such as CentralPlaza Chaengwattana, CentralPlaza Chiangmai Airport and CentralPlaza Rama 2.

In 2017, same store rental revenue growth, which excludes the performances of new malls in 2017 and 2016, namely CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai and CentralPlaza Nakhon Si Thammarat, as well as those under renovation in either year, namely CentralWorld, CentralPlaza Rama 3, CentralPlaza Pinklao and CentralMarina, grew by 3.5% YoY.

Table 1: Operational Statistics

Retail Properties	No. of Projects	Net leaseable area (sqm)	Occupancy Rate (%)		
			4Q16	3Q17	4Q17
CPN in BMA	14	912,693	94	90	91
CPN in Provinces	18	751,051	94	93	93
Total	32	1,663,744	94	91	92

Non-Core Properties	No. of Projects	Net leaseable area (sqm)	Occupancy Rate (%)		
			4Q16	3Q17	4Q17
Office	7	171,591	97	94	94
Residential	1	1,567	21	21	21
Hotel *	2	561 rooms	83	88	85

* Occupancy rate of Hotel Business was an average of occupancy rate in each quarter.

Results for the Year 2017

In 2017, there are a number non-recurring items to be excluded from the discussion and analysis of financial results. In 3Q17, CPN received an insurance claim based on the terrorism risk protection for the amount of THB 3,500 mn (details available in Note 36: Other Events in the annual financial statements ended December 31, 2017). In 4Q17, CPN recorded a net income receipt of THB 175 mn, mainly related to the execution fee received from CPNREIT in proceeding with the lease of the properties, following the conversion of CPNRF to CPNREIT and the lease of CentralFestival Pattaya Beach (certain parts) and Hilton Pattaya.

Total Revenue

Revenue for 2017 stood at THB 30,875 mn, a 5.6% increase YoY.

In 2017, CPN reported total revenue (excluding non-recurring items) of THB 30,875 mn, an increase of 5.6% YoY. Main components of revenue are as follows.

Revenue from rent and services

In 2017, CPN recorded revenue from rent and services at THB 26,057 mn, an increase of 3.2% YoY due to the following factors.

- Full year contribution from a new mall opened in 2016, namely CentralPlaza Nakhon Si Thammarat.
- Strong post-renovation performances for malls under renovation in 2016, namely CentralMarina and CentralPlaza Pinklao.
- Resilient contribution from new malls in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.

- Strong performances of existing shopping malls, such as CentralFestival EastVille, CentralPlaza WestGate, CentralPlaza Grand Rama 9, CentralPlaza Chiangrai, CentralPlaza Khonkaen, CentralPlaza Ubonratchathani, CentralPlaza Suratthani and CentralPlaza Phitsanulok.
- Solid growth from shopping malls with partial renovation, namely CentralPlaza Chaengwattana and CentralPlaza Bangna.

Malls under major renovation include CentralWorld and CentralPlaza Rama 3.

Revenue from food and beverages

In 2017, the in-mall food court business recorded revenue of THB 1,631 mn, an increase of 17.4% YoY due to the following factors.

- Full year contribution from new food courts opened in 2016, namely at CentralPlaza Nakhon Si Thammarat, CentralPlaza Bangna, CentralMarina and CentralPlaza Chaengwattana.
- Contributions from newly opened food courts in 2017, namely at CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- Strong post-renovation performance of the food court at CentralFestival Phuket, which reopened in 2Q17.
- Strong performances of existing food courts both in BMA and provinces with double digit growth, such as CentralFestival EastVille, CentralPlaza WestGate and CentralFestival Samui.

Revenue from hotel operations

Hotel operations are considered CPN's non-core businesses. In 2017, revenue from hotel operations was THB 1,097 mn, an increase of 10.0% YoY. The increase was driven mainly by strong performance of Hilton Pattaya, which boasted an increase in average occupancy rate to 93% from 89% in the previous year, in line with the higher number of tourists. Centara Udonthani Hotel also performed reasonably well with an increase in average occupancy rate of 78% from 75% in the previous year due to higher number of seminars and meetings held by both public and private organizations. Both hotels also posted higher average room rates.

On December 1, 2017, CPN transferred Hilton Pattaya to CPNREIT as part of the conversion process from CPNRF to CPNREIT.

Other revenue

CPN reported other revenue of THB 2,091 mn, an increase of 44.1% YoY. Main constituents of other revenue include management fee of CPNREIT and CPNCG amounted THB 492 mn and revenue from marketing events at THB 166 mn, and receipt of property tax due to the increased number of shopping malls.

Total Costs

Total costs for 2017 stood at THB 14,518 mn, a 3.4% increase YoY.

In 2017, CPN reported total costs of THB 14,518 mn, an increase of 3.4% 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 2017, CPN reported cost of rent and services at THB 12,894 mn, an increase of 2.1% YoY. The rate of increase is lower than the growth in revenue from rent and services, courtesy of effective utility cost management. The rise in cost comes from the following factors.

- Full year recognition of operating and depreciation costs of new and renovated projects in 2016, namely CentralPlaza Nakhon Si Thammarat, CentralMarina and CentralPlaza Pinklao, as well as the costs of newly opened projects in 2017, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai.
- Higher maintenance, repair and personnel expenses to support the expansion of new shopping malls.

Utility cost, a major component (accounts for approximately 30% of cost of rent and services) for shopping mall operation, have successfully been reduced due to the ongoing effort of energy efficiency, the result of which is the reduction in same store utility costs by around 3.2% YoY. To maintain an optimum level of cost-to-revenue ratio, CPN continues to explore further efficiency gains despite an increasing trend of electricity Ft rate since May 2017.

Costs of food and beverages

Costs of food and beverage constituted costs of operating in-mall food centers, as well as depreciation and repair & maintenance costs of food center equipment and furniture, and decoration costs.

In 2017, CPN reported costs of food and beverages at THB 1,280 mn, an increase of 18.0% YoY. The rise in cost exceeds the growth in food and beverages revenue due to higher costs arising from newly opened food courts in 2016 and 2017, namely CentralPlaza Nakhon Si Thammarat, CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai. Also contributing to the rise in cost are renovated food courts into Food Destination zones in 2017, namely at CentralFestival Phuket, CentralPlaza Chaengwattana, CentralPlaza Pinklao and CentralFestival Samui.

Costs of hotel operations

In 2017, CPN reported costs of hotel operations at THB 344 mn, an increase of

5.5% YoY in line with the growth of revenues. Both hotels showed effective cost control in both room and food and beverage management.

Administrative Expenses

Total administrative expenses constituted expenses on personnel, marketing & promotion, office supplies, professional fees, and depreciation and amortization of office equipment and hotel properties.

Total administrative costs for 2017 stood at THB 5,066 mn, a 15.0% increase YoY.

In 2017, CPN reported total administrative expenses (excluding non-recurring items) at THB 5,066 mn, an increase of 15.0% YoY. The increase are mainly attributed to higher personnel expenses due to an increase in headcount to support business expansion, higher marketing expenses for the opening of new and renovated shopping malls in 2016 and 2017, namely CentralPlaza Nakhon Si Thammarat, CentralPlaza Nakhon Ratchasima, CentralPlaza Mahachai, CentralPlaza Pinklao and CentralPlaza Rama 3, as well as promotional and event-based expenditures in the festive seasons during the year. Hence, administrative expenses to total revenue ratio stood at 16.4%, higher than the previous year at 15.1%.

Gross Profit Ratio & Operating Profit Ratio

Gross profit ratio stood at 49.6% whilst operating profit ratio stood at 36.6%.

In 2017, CPN's gross profit ratio (excluding other income) rose to 49.6% from 49.2% in the previous year, owing to effective operations management to ensure that growth in the shopping mall business, hote operations, food and beverage comes with at least the same level of profitability as the previous year. Meanwhile, operating profit ratio (excluding non-recurring items) dropped slightly to 36.6% from 37.0% in the previous year due to higher administrative expenses, particularly personnel, marketing and general management costs as mentioned earlier. CPN is, however, determined to exercise effective cost management and prudent cost control measures to maintain its profitability.

Net Profit

Net profit for 2017 stood at THB 9,893 mn, a 7.0% increase YoY.

In 2017, CPN reported a net profit (excluding non-recurring items) of THB 9,893 mn, an increase of 7.0% YoY, due to solid revenue growth and profitability performances, effective cost management and lower financing cost by 42.6% YoY, in line with the lower amount of interest-bearing debt whilst cost of debt remains at a low level. Meanwhile, share of profit from investments declined 1.7% YoY due to the renovation at CentralPlaza Rama 3.

Results for 4Q17

On a YoY basis, CPN reported a consolidated net profit of THB 2,326 mn, an increase of 4.8%. Total revenue stood at THB 8,052 mn, an increase of 7.6%. Excluding non-recurring items, CPN has a net profit of THB 2,151 mn, a decrease of 3.1%, and total revenue of THB 7,834 mn, an increase of 4.6%. The performance is largely attributed to strong contributions from existing

shopping malls, additional revenue from new shopping malls, namely CentralPlaza Nakhon Ratchasima and CentralPlaza Mahachai, and those that incorporated Food Destination zones, namely CentralMarina, CentralFestival Phuket, CentralPlaza Rama 2, CentralFestival Chiangmai, CentralPlaza Suratthani and CentralFestival Samui. Moreover, revenue from hotel operations have grown due to strong performances from both hotels.

Meanwhile, total costs in 4Q17 amounted to THB 3,819 mn, an increase of 4.9% YoY, from personnel expense to support new shopping malls, particularly on the depreciation costs, and utility costs that also rose since mid-2017. In addition, total administrative expenses rose due to higher marketing and promotional event expenses to support the festive season at the end of the year.

Hence, gross profit ratio (excluding other income) in 4Q17 dropped to 47.8% from 48.7% a year earlier whilst operating profit ratio (excluding other income) dropped to 30.2% from 33.7%.

Table 2: Summary of Consolidated Results

Consolidated Earnings (THB mn)	4Q16	3Q17	4Q17	QoQ (%)	YoY (%)	FY2016	FY2017	YoY (%)
Revenue from rent and services	6,492	6,422	6,587	3%	1%	25,247	26,057	3%
Retail	6,323	6,249	6,415	3%	1%	24,579	25,367	3%
Office	168	173	172	(1%)	2%	667	690	3%
Other supportive businesses	0	0	0	(6%)	(23%)	1	1	(29%)
Revenue from hotel operations	247	274	290	6%	18%	998	1,097	10%
Revenue from food and beverage	362	407	433	6%	20%	1,389	1,633	17%
Other income	386	4,096	743	(82%)	92%	1,600	5,809	263%
Total revenues	7,487	11,198	8,053	(28%)	8%	29,234	34,596	18%
Total revenues excluding non-recurring items	7,487	7,698	7,834	2%	5%	29,234	31,096	6%
Cost of rent and services	3,273	3,249	3,387	4%	3%	12,630	12,894	2%
Retail	3,201	3,181	3,319	4%	4%	12,349	12,627	2%
Office	72	68	68	(0%)	(5%)	279	267	(5%)
Other supportive businesses	0	0	0	121%	3%	1	1	(51%)
Cost of hotel operation	79	89	91	2%	15%	325	344	6%
Cost of food and beverage	288	323	341	6%	19%	1,086	1,280	18%
Total costs	3,639	3,661	3,819	4%	5%	14,041	14,518	3%
Operating profit	2,522	6,386	2,540	(60%)	1%	10,814	14,989	39%
Operating profit excluding non-recurring items	2,522	2,886	2,365	(18%)	(6%)	10,814	11,314	5%
Net profit	2,219	5,983	2,326	(61%)	5%	9,244	13,568	47%
Net profit excluding non-recurring items	2,219	2,483	2,151	(13%)	(3%)	9,244	9,893	7%
EPS (Bt)	0.49	1.33	0.52	(61%)	5%	2.06	3.02	47%
EPS (Bt) excluding non-recurring items	0.49	0.55	0.48	(13%)	(3%)	2.06	2.20	7%
Gross Profit Margin (excl. other income)	49%	48%	48%	(1%)	(1%)	49%	50%	0%
Operating Profit Margin (exc. non-recurring item)	34%	37%	30%	(7%)	(3%)	37%	37%	(0%)

Capital Structure

In 2017, CPN spent approximately THB 16,024 mn of capital expenditure (CAPEX), THB 10,455 mn of which on land acquisition and development of new projects in the future, THB 2,143 mn of which on enhancement of existing shopping malls and THB 3,426 mn of which on mixed-use development projects.

In 2017, weighted average financing cost stood at 2.81%

As of December 31, 2017, CPN reported total interest-bearing debt of THB 9,529 mn, a decrease of 46.8% from the balance as of December 31, 2016 due to the redemption of loans at maturity and early redemption of loans with floating interest rate. As a result, CPN's entire interest-bearing debt have fixed interest rates with an average cost of debt throughout the year at 2.81%, lower than the rate in 2016 at 3.23%.

Net debt to equity ratio stood at 0.07x

Net interest-bearing debt to equity ratio stood at 0.07 times, a decrease from 0.28 times at the end of last year, on lower debt balance and increase in retained earnings.

Dividend

CPN has a dividend policy of no less than 40% of annual net profit. On February 19, 2018, the Board of Directors passed a resolution to propose to the Annual General Meeting of Shareholders, to be held in April 2018, to approve the dividend payment of THB 1.40 per share from the 2017 net profit, compared to THB 0.83 per share in the previous year. Hence, the proposed dividend payout ratio from the 2017 consolidated net profit is at 46.3%.

Table 3: Financial Position

Financial Position (THB mn)	End of 4Q16	End of 3Q17	End of 4Q17	QoQ (%)	YoY (%)
Current assets					
Cash and current investments	3,204	1,975	5,361	171%	67%
Other current assets	3,455	5,305	7,753	46%	124%
Total current assets	6,659	7,279	13,114	80%	97%
Non-current assets					
Investment properties ⁽¹⁾	76,700	81,111	84,972	5%	11%
Leasehold rights	10,647	11,240	11,207	(0%)	5%
Property & equipment (PP&E)	1,797	1,698	1,676	(1%)	(7%)
Other non-current assets	8,724	11,027	9,604	(13%)	10%
Total non-current assets	97,868	105,075	107,459	2%	10%
Total assets	104,527	112,354	120,574	7%	15%
Current liabilities	14,878	17,750	14,354	(19%)	(4%)
Non-current liabilities	36,644	33,863	42,340	25%	16%
Total liabilities	51,523	51,613	56,694	10%	10%
Total equity	53,005	60,741	63,880	5%	21%

⁽¹⁾ Investment Properties are booked at cost and depreciated with the straight-line basis over the life of the assets. The estimated fair value is THB 180,409 mn (THB 167,688 mn in December 2016), stated in the disclosure notes to the main financial statements no. 13 under "Investment Properties".

Future Business Plan

CPN has set a 5-year (2018-2022) growth strategy that aims to achieve a compounded annual growth rate (CAGR) in revenue of at least 13% 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, and residential project development, are key drivers to realize the target.

As the economy begin to flourish across various areas around Bangkok and provinces, CPN 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, CPN studied the opportunities to expand its business into the Southeast Asian countries, especially those with high growth potential, such as Malaysia, Vietnam and Indonesia, to accommodate its sustainable growth aspiration.

Retail Property Development

Domestic Expansion

CPN currently has 2 new shopping malls under construction, namely CentralPhuket, which is expected to open by the first half of 2018, and one other to be announced in 2Q18. Apart from the expansion plan, CPN continues to focus on enhancing the value of existing assets throughout the year, namely CentralWorld, which is ongoing and expected to be completed by 3Q18, CentralPlaza Chiangrai, CentralPlaza Chonburi, CentralFestival Phuket, CentralFestival Pattaya Beach and CentralPlaza Lardprao.

International Expansion

CPN currently engages in joint development of Central i-City in Malaysia on the grounds of the country's growth potential and diversification of investment risk. Central i-City, with its strategic location and promising potential in area, is a joint venture investment between CPN, with 60% ownership, and I-R&D Sdn. Bhd ("IRD"), a subsidiary of I-Berhad, the other 40% ownership. Total project value amounts to 830 million Malaysian Ringgit, or approximately THB 8,300 mn. The project is currently under construction with the expected opening date in 4Q18, having secured major tenants and anchors, such as the department store, supermarket and cinema. It is also progressing its lease agreements with various retail tenants.

Residential Property Development

CPN recognized the potential of our mixed-use development of shopping mall complex projects. The company plans to utilize our existing vacant plots of land adjacent to existing shopping malls to add value to our core business. CPN plans to launch about three new residential projects per year.

The 3 condominium projects launched in 2016, namely ESCENT Chiangmai, ESCENT Khonkaen and ESCENT Rayong, all of which have been sold out, is in the process of construction, interior and exterior designs. These units will be transferred and recognized as revenue during the first half of 2018 for an approximated value of THB 2,800 mn.

In 2017, CPN announced the pre-sales of 3 new condominium projects on the same area as its shopping malls in Nakhon Ratchasima, Chiangrai and Chiangmai (phase 2). The project at Nakhon Ratchasima was exceptionally popular with all units sold out. Demand for the other 2 projects is strong with the pre-sale progress currently at 60-80%. Construction of the projects have begun and expected to be completed and ready for transfer by the second half of 2019.

Table 4: Projects under development

Retail Properties to Open in 2018:

Location		Project	Progress	Net Leaseable Area (sqm)
Domestic	Provinces	CentralPhuket	Under Construction	63,000
Overseas	Selangor, Malaysia	Central i-City	Under Construction	89,700

Residential Projects to Transfer in 2018:

Location		Project	Progress	Completion	Type	Presales
Domestic	Provinces	ESCENT Chiangmai	Under Construction	1H2018	26-storey Condominium, 400 units	100%
		ESCENT Khonkaen	Under Construction	1H2018	24-storey Condominium, 408 units	100%
		ESCENT Rayong	Under Construction	1H2018	25-storey Condominium, 419 units	100%

Residential Projects to Transfer in 2019:

Location		Project	Progress	Completion	Type	Presales
Domestic	Provinces	ESCENT Nakhon Ratchasima	Under Construction	2019	380 units	100%
		ESCENT Chiangrai	Under Construction	2019	312 units	80%
		ESCENT Chiangmai	Under Construction	2019	450 units	60%