

Executive Summary

In 1Q19, the Thai economy continues to grow steadily despite a decline in export growth, primarily driven by a slowdown in global economy growth. Growth to the Thai economy is attributed to a number of factors, namely 1.) growth in private consumption supported by higher household income in both agriculture and non-agriculture sectors along with recovering consumer confidence; 2.) solid performance in the tourism sector mainly from higher international tourist arrivals, especially from India, Japan, South Korea, the ASEAN region, and recovery in Chinese tourist arrivals as a result of an extension for visa-on-arrival fee waiver until the end of April 2019 ; and 3.) other supporting factors, namely government subsidy to the low-income citizens to stimulate near-term consumption, as well as strong investment outlook in various public private partnership (PPP) projects and infrastructural investments in the Eastern Economic Corridor (EEC) zone. Meanwhile, factors that affect the Thai economy are the slowing global economy growth, the inconclusive trade war between the US and China, and concerns on foreign investment as the general election held in March 2019 has yet to reach an outcome. Having considered the above-mentioned circumstances, the Bank of Thailand lowered the Thai economy growth outlook in 2019, from 4.1% to 3.8%, as well as maintain the policy rate at 1.75% to balance the economic growth momentum and the stability of the financial system.

The performance of Central Pattana Public Company Limited ("The Company" or "CPN") in 1Q19 shows total revenue of THB 8,719 mn, an increase of 9.5% from the same period in the previous year (YoY), and operating profit of THB 3,325 mn, an increase of 4.7% YoY, largely due to better overall business performance. Net profit stood at THB 2,847 mn, an increase of 0.9% YoY, mainly impacted by non-recurring items and higher financing cost. Following the adoption of Thai Financial Reporting Standard 15 (TFRS 15), CPN has amended the revenue and cost of food and beverages business, although the adjustment does not impact the net profit.

CPN's revenues continues to grow according to its business plan.

Excluding the non-recurring items CPN reported total revenue of THB 8,674 mn, a 8.9% increase YoY, operating profit of THB 3,380 mn, a 6.7% increase YoY, and net profit of THB 2,902 mn, a 2.8% increase YoY. The result demonstrates CPN's resiliency in achieving both revenue and operating profit growth despite an increase in financing cost following the acquisition Grand Canal Land Public Company Limited ("GLAND") in September 2018.

The comparison of financial performance for 1Q19 versus 4Q18 (QoQ) CPN reported increases in both operating and net profits by 12.5% as a result of higher efficiency gains from effective cost controls, despite a decrease in total revenue by 3.4% primarily due to the decline in revenue from sales, consistent with the lower transfers of condominium units, and decline in hotel revenue based on market conditions.

CPN continues to emphasize on effective revenue generation through new shopping malls, enhancement of existing malls, new mixed-use development projects, such as residential development, as well as efficient cost management. CPN currently manages 33 shopping malls with the net leasable area (NLA) of approximately 1.8 mn sqm. At the end of 1Q19 the average occupancy rate for CPN's domestic retail properties stood at 92%.

Major Events in 1Q19

"Central i-City", CPN's first international retail property and its 33th shopping center, was opened for soft launch on March 23, 2019.

The soft opening of Central i-City on March 23, 2019, which is the first international retail property and the 33th shopping center for the Company. 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, and is conveniently accessible from the districts of Shah Alam, Klang, and Kuala Lumpur. 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, as the destination of new and immersive experiences with a taste of Thai culture appreciated by Malaysians. Central i-City features a strong line-up of renowned local and international brands, namely SOGO department store, Village Grocer premium supermarket, TGV cinema, a lifestyle-themed food center called Food Empire, and more than 365 shops and restaurants to complete every lifestyle preference. The occupancy rate at the end of 1Q19 stood at 50% as SOGO department store was opened in April and other retail tenants are in the process of store fit-out. Hence, the occupancy rate is expected to increase throughout the year.

"TRIBHUM", the world's first 3D walkthrough theme park, was opened at Central Phuket.

The opening of "TRIBHUM: The Mystic of Three Worlds" at Central Phuket on February 1, 2019. The world's first 3D walkthrough theme park solidifies the position of the project 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.

The major renovation at CentralWorld was gradually completed in 1Q19 and will resume full service within this year.

Asset Enhancement Initiatives to increase the value of existing shopping malls, customers, tenants and societies, and create long-term returns. In 2019, CPN progressed with the following asset enhancement initiatives.

- **The major renovation at CentralWorld**, which has been ongoing in phases since 4Q16, has been completed in 1Q19 with full services to resume within this year. At the end of 1Q19, the occupancy rate stood at 91%, an increase from the same period last year, which stood at 82%.
- **Renovation programs commenced in 2018 and to be completed in 2019** comprises major renovations at 1.) CentralPlaza Chiangrai and

CPN continues to carry out renovations at existing shopping malls to maximize their operating performances.

2.) CentralPlaza Chonburi, with both locations to undergo leasable area expansion of around 1,000 - 2,000 sq.m. per location for new tenants and expansion of existing shops, as well as incorporating various destination concepts, such as Food Destination and Co-working space, to name a few. Similarly, minor renovations are underway at 1.) Central Phuket Festival, which will see the area previously occupied by Central Department Store, now re-opened in the Floresta section, re-developed into leasable area ; 2.) CentralPlaza Lardprao, which will see the introduction of new destination concepts as well as integrate the mall entrance area with the future sky train station and 3.) Central Festival Pattaya Beach, which will see the food zone re-development to include new vendors catered towards both locals and foreign tourists.

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. In 2019, CPN have made notable progresses in the following mixed-use development projects.

- **Residential projects that are completed and in the process of transfer to customers** at 3 locations, namely ESCENT Rayong, ESCENT Chiangmai and ESCENT Khonkaen. As of 1Q19, 99% of all units have been transferred to customers with the remaining unit transfers to continue.
- **Residential projects that are open for pre-sale and in the process of construction** at 6 locations, namely 1.) ESCENT Nakhon Ratchasima, which is sold-out, will be completed and ready for transfer by 4Q19 ; 2.) ESCENTVILLE Chiangrai, which is sold-out, will be completed and ready for transfer by 4Q19 ; 3.) ESCENTVILLE Chiangmai, which is sold-out, will be completed and ready for transfer by 3Q19 ; 4.) ESCENT Ubonratchathani, currently has 70% pre-sales take up, will be completed and ready for transfer by 2020 ; 5.) PHYLL Pahol 34, a condominium project in Bangkok, currently has 30% pre-sales take up, will be completed and ready for transfer by 4Q19 ; and 6.) NIYHAM Boromratchachonnani, a single-detached housing project located on Boromratchachonnani Road, is in the process of sales and transfer for the first 9 units.

Residential projects under construction are expected to be completed and ready for transfer in the second half of 2019 onwards.

Financial and Operating Performance in 1Q19

Table 1: Summary of net leasable area and occupancy rate

	Number of projects and net leasable/salable area under CPN management as of 1Q 2019								Occ. Rate / Sales Rate (%)
	Total		CPN		CPNREIT ⁽¹⁾		CPNCG ⁽²⁾		as of 1Q
	No.	sq.m.	No.	sq.m.	No.	sq.m.	No.	sq.m.	2019
<i>Retail properties</i>									
Shopping malls - BMA	14	916,324	14	768,943	3	147,381			94
Shopping malls - Provinces	18 ⁽⁴⁾	785,035	18 ⁽⁴⁾	717,811	2	67,224			91
Total domestic retail properties	32	1,701,358	32	1,486,753	5	214,605			92
Shopping malls - International	1	83,271	1	83,271					50
Total retail properties	33	1,784,629	33	1,570,024	5	214,605			90
<i>Non-core businesses</i>									
Office buildings	7	171,985	5	56,174	2	34,320	1	81,490	95
Hotels	2	561 rooms	1	259 rooms	1	302 rooms			85
Residential (high rise)	3	1,227 units	3	1,227 units					99
Residential (low rise)	1	9 units	1	9 units					11

	Number of projects and net leasable/salable area under GLAND as of 1Q 2019						Occ. Rate / Sales Rate (%)
	Total		GLAND		GLANDRT		as of 1Q
	No.	sq.m.	No.	sq.m.	No.	sq.m.	2019
<i>Non-core businesses</i>							
Office buildings	3	148,917	1	67,440	2	81,477	97
Residential (high rise)	1	1,991 units	1	1,991 units			98
Retail space in buildings		26,163		26,163			71

- (1) Assets under CPNREIT comprises 5 shopping malls, namely CentralPlaza Rama 2, CentralPlaza Rama 3, CentralPlaza Pinklao, CentralPlaza Chiangmai Airport and CentralFestival Pattaya Beach
- (2) Assets under CPNCG 1 office building, namely The Offices at CentralWorld
- (3) Occupancy rate of Hotel Business was an average of occupancy rate in each quarter
- (4) Central Phuket, which consists of the Central Phuket Floresta and Central Phuket Festival, is counted as a single project

Overview

As of March 31, 2018, CPN managed 33 shopping centers (14 projects in Bangkok Metropolitan Area (BMA), 18 projects in the provinces, and 1 project overseas), 30 food centers, 7 office towers, 2 hotel properties, 1 residential property (totaling 11 units), 3 high-rise residential projects for sale (totaling 1,227 units), and 1 low-rise residential project for sale (totaling 9 units), which includes the properties transferred to CPN Retail Growth Leasehold REIT ("CPNREIT") and CPN Commercial Growth Leasehold Property Fund ("CPNCG").

At the end of 1Q19, the average occupancy rate of CPN's domestic shopping malls stood at 92%, a slight increase over that of the previous year at 91% due to the completed major renovation at CentralWorld. Including Central i-City, which was opened towards the end of 1Q19, the average occupancy rate of CPN's shopping malls stood at 90%. Meanwhile, the figure is a slight drop from the end of 2018, which stood at 93%, as several shopping malls in BMA and the provinces have undergone renovations since the beginning of 2019, which may impact the occupancy rates at those shopping malls for the short-term.

Same store rental revenue growth stood at 2.4% YoY

In 1Q19, same store rental revenue growth stood at 2.4% YoY, which is slightly lower than the Company's expectation given the intense competition in certain areas, such as Nakhon Ratchasima. Although rental rate escalations were affected and discount rates were higher in certain locations, the Company continues to achieve the targeted rental rate growth for the rest of the shopping malls. The same store rental revenue excludes that of 1.) the new mall in 2018, namely Central Phuket Floresta ; 2.) the new mall in 2019, namely Central i-City and 3.) malls under renovation during 2018 and 2019, namely CentralWorld, CentralPlaza Lardprao, CentralPlaza Chonburi and CentralPlaza Chiangrai, Central Phuket Festival, and CentralFestival Pattaya Beach.

Summary of GLAND's results

As of March 31, 2019, the operating assets under GLAND comprise 3 office buildings (aggregate occupancy rate at 97%), which includes 2 office buildings transferred to GLAND Office Leasehold Real Estate Investment Trust ("GLANDRT"), as well as 1 residential project for sale (a total of 1,991 units with 37 units remaining), leasable retail area within office buildings and residential project at 26,163 sq.m. (aggregate occupancy rate at 71%), and 4 undeveloped land plots, 2 of which are planned for mixed-use development projects and the other 2 planned for residential development. Hence, CPN consolidates GLAND's financial performance from September 13, 2018 onwards.

In 1Q19, total revenue and net profit contributed by GLAND amounted to THB 418 mn and THB 67 mn respectively. The difference versus GLAND's reported statement of comprehensive income comes from the investment properties that CPN 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 CPN's book compared to GLAND's book, which are based on its original cost.

Non-recurring item

In 1Q19, CPN 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 12 THB per share. As a result, CPN reported a decrease in ownership of DTC from 22.58% to 17.58% and recorded a one-time gain from the transaction for THB 44.8 mn under Other Income.

In 1Q18, CPN did not recognize the cost of rent and services following the land lease extension for CentralPlaza Rama 2, which was made at the end of June 2018. Based on a straight-line depreciation method for the duration of the new lease agreement, the incremental cost of rent and service is approximately THB 100 mn per quarter.

In 1Q19, total revenue stood at THB 8,674 mn, a 8.9% increase YoY.

Total Revenue

In 1Q19, CPN reported total revenue of THB 8,674 mn, an increase of 8.9% YoY. Main components of revenue are as follows.

Revenue from rent and services

In 1Q19, CPN recorded revenue from rent and services at THB 7,488 mn, an increase of 10.5% YoY, despite the impact from the ongoing renovations and intense competition in certain areas as mentioned earlier. Performances at shopping malls showed solid growth as summarized below.

- Contributions for the full quarter from a new mall opened in 2018, namely Central Phuket Floresta, which was opened since September 2018.
- Performance improvement from malls under major renovation gradually open in 2018, namely CentralWorld and CentralPlaza Rama 3.
- Strong performances of existing shopping malls, such as CentralPlaza WestGate, CentralPlaza Grand Rama 9, CentralFestival Chiangmai, CentralFestival EastVille, and CentralPlaza Nakhon Si Thammarat.

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, CPN has amended the recognition of revenue from food and beverages in 1Q19 to accurately reflect the business nature of food center services. Hence, the information in the previous year have been adjusted for appropriate comparison.

In 1Q19, CPN recorded revenue from food center services at THB 204 mn, an increase of 20.6% YoY due to the following factors.

- Contributions from newly opened food courts in 2018, namely at Central Phuket Floresta, as well as renovated food court opened in 2018 at CentralWorld and CentralPlaza Rama 3
- Strong performances of existing food courts both in BMA and provinces, such as CentralPlaza Salaya, CentralPlaza Rayong, CentralPlaza Ubonratchathani, CentralPlaza Phitsanulok, and CentralPlaza Nakhon Si Thammarat

Revenue from hotel operations

Hotel operations are considered CPN's non-core businesses. In 1Q19, revenue from hotel operations was THB 309 mn, a decrease of 0.5% YoY. The average room occupancy at Hilton Pattaya Hotel stood at 93%, lower than the previous year at 98%, and largely due to lower number of tourist stays. The average room occupancy at Centara Hotel and Convention Center Udonthani stood at 76%, a slight increase from the previous year at 73%. Although the average room rate came in slightly lower than the previous year, revenue from food and beverages grew YoY at both hotels.

Revenue from sales

In 1Q19, CPN recorded revenue from sales at THB 142 mn, a decrease of 34.0% YoY due to the following factors.

- Lower transfers at CPN's 3 completed condominium projects, namely ESCENT Rayong, ESCENT Chiangmai and ESCENT Khonkaen, all of which have been almost completely transferred in 2018.
- Transfer of 1 unit at the NIYHAM Boromratchachonnani single-detached housing project.
- Transfers of 4 units at Belle Grand Rama 9, a condominium project under GLAND.

Total Costs

In 1Q19, total costs stood at THB 3,955 mn, a 10.1% increase YoY.

In 1Q19, CPN reported total costs of THB 3,955 mn, an increase of 10.1% 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 1Q19, CPN reported cost of rent and services at THB 3,690 mn, an increase of 11.9% YoY. The rise in cost is similar to the increase in revenue and comes from the following factors.

- Higher operating and depreciation costs of newly opened malls and renovated projects in 2018, namely Central Phuket Floresta, CentralWorld and CentralPlaza Rama 3.
- 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 rate throughout 2018. CPN, meanwhile, achieved efficiency gains with the reduction in electricity unit consumption compared to last year. As a result, same-store utility cost increased only 0.6% YoY, thanks to CPN's continuous effort to conserve energy and utilities in operations.
- Higher maintenance, repair and personnel expenses to support the expansion of new shopping malls.

Cost of food center services

CPN has amended the recognition of cost of food and beverages in 1Q19 in compliance with TFRS 15, consistent with the revenue from food center services.

In 1Q19, CPN reported costs of food center services at THB 91 mn, an increase of 22.5% 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, namely Central Phuket Floresta. Due to better cost management of the

existing food courts in the Food Destination zones, CPN can attain an optimum level of operating cost for its food center services business.

Cost of hotel operations

In 1Q19, CPN reported costs of hotel operations at THB 99 mn, an increase of 14.3% YoY. The increase is largely in-line with higher food and beverages sales at the hotels. That aside, the cost of hotel operation is generally in-line with the increase in revenue with both hotels showed effective cost control in both room and food and beverage management.

Cost of sales

In 1Q19, CPN reported costs of sales at THB 75 mn, a decrease of 44.6% YoY. The decrease is in-line with the lower 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.

Total admin. expenses stood at THB 1,421 mn, a 18.1% increase YoY.

In 1Q19, CPN reported total administrative expenses at THB 1,421 mn, an increase of 18.1% YoY. The increase is mainly attributed to higher personnel and other administrative expenses due to the larger business size, as well as to support future business expansion. The amount also includes administrative expenses associated with GLAND's operations. Hence, the administrative expenses to total revenue ratio stood at 16.4%, which is higher than the previous year's at 15.1%.

Gross Profit Ratio & Operating Profit Ratio

Gross profit ratio stood at 50.2% whilst operating profit ratio stood at 37.5%.

In 1Q19, CPN's gross profit ratio, excluding other income, dropped to 50.2% from 51.9% in the previous year, whilst operating profit ratio dropped proportionately to 37.5% from 39.8% in the previous year. On a same-store basis, gross profit ratio rose 1.5% YoY whilst operating profit ratio dropped 0.7% YoY.

The gross profit ratio for the rent and services business, which is CPN's core business, stood at 49.4%, a drop from 51.3% in the previous year. This is largely due to the higher cost of rental and services at CentralPlaza Rama 2 following the land lease extension. Excluding such effect, CPN can maintain the gross profit ratio of rent and services business at similar level to the previous year. Hence, CPN continues to implement effective and cost management and prudent cost control measures to maintain its profitability.

When compared to 4Q18 (QoQ), CPN reported increases gross profit ratio and operating profit ratio by 1.4% and 5.3% respectively, thanks to effective cost management at all levels of operation.

Net Profit

In 1Q19, net profit stood at THB 2,902 mn, a 2.8% increase YoY.

In 1Q19, CPN reported a net profit of THB 2,902 mn, an increase of 2.8% YoY despite higher financing cost from additional interest-bearing debt following the acquisition of GLAND in September 2018. CPN has nevertheless achieved growth in revenues and operating profits for all businesses, thanks to effective cost management and accordingly with the business environment.

Table 2: Summary of Profit & Loss Statement

Unit: million THB	1Q 2018	4Q 2018	1Q 2019	YoY (%)	QoQ (%)
Revenue from rent and services	6,776	7,370	7,488	11%	2%
Retail	6,603	7,193	7,310	11%	2%
Office	173	177	178	3%	0%
Revenue from hotel operations	310	370	309	(0%)	(17%)
Revenue from food center services	169	211	204	21%	(4%)
Revenue from real estate sales	216	377	142	(34%)	(62%)
Other income	492	699	577	17%	(17%)
Total revenues	7,962	9,028	8,719	10%	(3%)
<i>Excluding non-recurring items</i>	7,962	8,943	8,674	9%	(3%)
Cost of rent and services	3,299	3,797	3,790	15%	(0%)
Retail	3,234	3,729	3,725	15%	(0%)
Office	65	68	65	0%	(5%)
Cost of hotel operations	87	173	99	14%	(43%)
Cost of food center services	71	106	91	28%	(14%)
Cost of real estate sales	135	191	75	(44%)	(61%)
Total cost of operations	3,592	4,267	4,055	13%	(5%)
<i>Excluding non-recurring items</i>	3,592	4,167	3,955	10%	(5%)
Selling, general and admin expense	1,203	1,875	1,421	18%	(24%)
Operating profits	3,168	2,886	3,243	2%	12%
<i>Excluding non-recurring items</i>	3,168	2,901	3,298	4%	14%
Net finance cost/income tax/others	345	356	396	15%	11%
Net profit	2,822	2,530	2,847	1%	13%
<i>Excluding non-recurring items</i>	2,822	2,545	2,902	3%	14%
Earnings per basic share (THB)	0.63	0.56	0.63	1%	13%
<i>Excluding non-recurring items</i>	0.63	0.57	0.65	3%	14%

Capital Structure

As of March 31, 2019, CPN reported total interest-bearing debt of THB 29,875 mn, a decrease from the balance as of December 31, 2018 of THB 30,398 mn, mainly due to the repayment of short-term borrowings from financial institutions. The weighted average financing cost at the end of 1Q19 stood at 3.30%, which is at similar level to that of the end of the previous year. Fixed interest rates debt comprises 47% of total interest-bearing debt whilst floating interest rates make up the remaining 53%.

Weighted average financing cost at the end of 1Q19 stood at 3.30%

Net interest-bearing debt to equity ratio stood at 0.32 times, a decrease from 0.37 times from the end of last year, on lower net debt as mentioned above and on higher total equity from higher accumulated earnings.

Net debt to equity ratio stood at 0.32x

CPN 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.

Dividend

On April 26, 2019, the 2019 Annual General Meeting of Shareholders passed a resolution to approve the dividend payment of THB 1.10 per share from the 2018 net profit, or approximately at 44.0% payout ratio from the 2018 consolidated net profit. The payment of dividend is made on May 7, 2019.

Table 3: Summary of Financial Position

<i>Unit: million THB</i>	End of 1Q 2018	End of FY 2018	End of 1Q 2019	YoY (%)	YTD (%)
<i>Current assets</i>					
Cash and current investments	7,157	3,067	3,143	(56%)	2%
Other current assets	8,591	12,235	11,872	38%	(3%)
Total current assets	15,749	15,301	15,015	(5%)	(2%)
<i>Non-current assets</i>					
Investment properties ⁽¹⁾	84,012	108,412	103,341	23%	(5%)
Leasehold rights	11,030	14,086	20,773	88%	47%
Property & equipment (PP&E)	1,593	1,646	1,606	1%	(2%)
Other non-current assets	9,982	22,262	22,348	124%	0%
Total non-current assets	106,617	146,407	148,068	39%	1%
Total assets	122,366	161,708	163,082	33%	1%
<i>Current liabilities</i>					
Interest-bearing debt - 1 year	2,234	10,876	10,133	354%	(7%)
Other current liabilities	11,044	13,737	13,214	20%	(4%)
Total current liabilities	13,278	24,613	23,347	76%	(5%)
<i>Non-current liabilities</i>					
Interest-bearing debt	7,172	19,522	19,652	174%	1%
Other non-current liabilities	35,122	43,397	43,033	23%	(1%)
Total non-current liabilities	42,294	62,919	62,685	48%	(0%)
Total liabilities	55,571	87,532	86,032	55%	(2%)
<i>Shareholders' equity</i>					
Retained earnings - unappropriated	53,604	55,094	57,694	8%	5%
Other shareholders' equity	13,190	19,082	19,356	47%	1%
Total shareholders' equity	66,794	74,176	77,050	15%	4%

⁽¹⁾ 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, 2018 is THB 219,161 mn, as stated in the disclosure notes to the main financial statements no. 14 under "Investment Properties".

	1Q 2018	4Q 2018	1Q 2019	YoY (%)	QoQ (%)
Profitability Ratio					
Gross profit margin ⁽¹⁾ (%)	52%	49%	50%	(2%)	1%
<i>Rent and services ⁽¹⁾</i>	51%	48%	49%	(2%)	1%
<i>Hotel operations</i>	72%	53%	68%	(4%)	15%
<i>Food center services</i>	58%	50%	55%	(3%)	5%
<i>Real estate sales</i>	38%	49%	47%	10%	(2%)
Operating profit margin (%)	40%	32%	37%	(3%)	5%
<i>Excluding non-recurring items</i>	40%	32%	38%	(2%)	6%
Net profit margin (%)	35%	28%	33%	(3%)	5%
<i>Excluding non-recurring items</i>	35%	28%	33%	(2%)	5%
Return on equity ⁽²⁾ (%)	22%	16%	16%	(7%)	(1%)
<i>Excluding non-recurring items</i>	16%	16%	15%	(1%)	(1%)
Efficiency Ratio					
Return on assets ⁽²⁾ (%)	12%	8%	8%	(4%)	(0%)

	1Q 2018	4Q 2018	1Q 2019	YoY (Unit)	YTD (Unit)
Liquidity Ratio					
Current ratio (times)	1.19	0.62	0.64	(0.55)	0.02
Quick ratio (times)	0.54	0.12	0.13	(0.41)	0.01
Financial Policy Ratio					
Liabilities to equity ratio (times)	0.83	1.18	1.12	0.29	(0.06)
Net interest-bearing debt to equity ratio ⁽³⁾ (times)	0.03	0.37	0.35	0.32	(0.02)

- (1) Includes the impact of the land lease extension for CentralPlaza Rama 2 made on June 28, 2018
- (2) Return on assets and return on equity are calculated based on net profit in the last twelve months
- (3) Interest bearing debt to equity net of cash and cash equivalent and short-term investments

CPN has set a 5-year (2019-2023) growth strategy that aims to achieve a compounded annual growth rate (CAGR) in revenue of approximately 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.

Domestic Expansion

CPN have announced the plan to launch 2 new malls to open in 2019 and 2020, namely 1.) **Central Village**, the first international luxury outlet in Thailand, in 3Q19 and 2.) **CentralPlaza Ayutthaya** by 2020.

Moreover, CPN seeks for long-term growth opportunities with plausible returns through new mixed-use development projects. On April 1, 2019, CPN 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 sq.m., in which CPN has 85% stake in the project.
- **Central Park Offices** with a commercially leasable area of 90,000 sq.m., in which CPN has 100% stake in the project.
- **Dusit Thani Bangkok Hotel** with 250 rooms, in which CPN has 40% stake in the project.
- **Residential project** totaling 389 units under the brands "Dusit Residences", comprising 159 units, and "Dusit Parkside", comprising 230 units, in which CPN has 40% stake in the project.

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.

Projects under GLAND CPN 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, CPN plans to enhance the performances of GLAND's existing assets to maximize the benefits and growth potential of GLAND going forward.

International Expansion

CPN envisions growth opportunities beyond domestic sources as an integral element to achieve its long-term growth target and serves the diversification of investment risks by identifying high potential areas in prospective overseas markets. On March 23, 2019, **Central i-City** in Malaysia, a joint investment between CPN and I-R&D Sdn. Bhd ("IRD"), a subsidiary of I-Berhad through a 60% and 40% ownership respectively, successfully underwent a soft opening and will be ready for grand opening in the middle of 2019. Moreover, CPN 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.

Mixed-use Development near existing Retail Properties

CPN 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, CPN has launched a total of 8 condominium projects in Bangkok and in the provinces. Among these projects, 3 projects are completed and in the process of transfers whilst the other 5 projects are in the process of construction. CPN also completed the development of the first 9 units in a single-detached housing project in Bangkok. Moreover, CPN continues to study new areas for possible development as a pipeline for future project announcements.

Table 5: Progress of Future Projects

Project	Area	Complete by	2019				2020			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<u>Retail Properties</u> <i>Domestic - BMA</i> Central Village	<u>sq.m. NLA</u> 40,000	<u>Qtr/Year</u> 3/2019				★ Open				
<i>Domestic - Provinces</i> Central Plaza Ayutthaya	TBC	2020	Finalize development plan, construction, furnishing and leasing							
<i>International</i> Central i-City (Malaysia)	83,000	1/2019	★ Open							
<u>Residential - Condominium</u> <i>Domestic - BMA</i> Phyll Pahol 34	<u>Units</u> 358	<u>Qtr/Year</u> 4/2019	Pre-sales = 30%			★ Transfer				
<i>Domestic - Provinces</i> Escent Nakhon Ratchasima	380	3/2019	Pre-sales = 100%			★ Transfer				
Escent Ville Chiangrai	312	2/2019	Pre-sales = 100%			★ Transfer				
Escent Ville Chiangmai	450	2/2019	Pre-sales = 100%			★ Transfer				
Escent Ubonratchathani	395	2020	Pre-sales = 70%							
<u>Residential - Single House</u> <i>Domestic - BMA</i> Niyham Boromratchachonnani	<u>Units</u> 71	<u>Qtr/Year</u> 4/2018	★ 9 units ready to transfer							
<u>Mixed-use Development</u> <i>Domestic - BMA</i> Dusit Central Park *		<u>Qtr/Year</u> 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 sq.m. 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 sq.m. 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.