

**EXECUTIVE SUMMARY**

In 2Q22, Thailand's domestic economy including the retail and tourism industries has shown a gradual recovery from 1Q22, underpinned by many supporting factors such as "back to new normal" lifestyles, easing COVID-19 measures, extending tourism-boosting campaigns by Government, and opening borders to welcome tourists. The number of international tourists thrice increased from the previous quarter, jumping from almost 0.5m in 1Q22 to 1.5m in 2Q22. However, various negative factors in 2Q22 have significantly impeded economic growth. The prolonged conflict between Russia and Ukraine, and China's Zero COVID-19 policy have caused higher energy prices as well as product and service costs, which in turn, negatively affected consumer confidence and spending power. The tight monetary policy carried by World's major Central Banks amid efforts to slow inflation has put global economic recovery on a brake. However, the Bank of Thailand tipped at a 0.25% potential interest rate hike at an appropriate time.

Given the situation, Central Pattana PLC ("The Company") recovered continuously from the previous quarter. In 2Q22, the Company showed **total revenue of 9,151MB, and a net profit of 2,753MB**, growing 13% and 18%QOQ respectively. Excluding the non-recurring items and the impact of financial reporting standards, the Company's core performance showed total revenue of 8,961MB, and a net profit of 2,313MB, which increased by 9%, and 7%QOQ respectively. Every core business showed steady improvement, especially hotel, food center service, and residential for sale businesses which showed significant improvement. The Company continues to implement effective cost-saving initiatives which also help enhance its margin.

Our partner in the Dusit Central Park project, Dusit Thani PLC, exercised its call option to buy a 10% stake in our joint-venture company which resulted in a 345MB one-off profit before tax for the Company in this quarter. The Company's share in a joint-venture company remained at 30%.

In 2Q22, the Company's net retail leasable area (NLA) increased by 2%QOQ, from the latest opening of Central Chanthaburi in May and the renovation of Central Rama 2 to approximately 2.3m sqm with an average occupancy rate of 90%. Currently, the Company manages 56 shopping malls, consisting of 39 shopping malls and 17 community malls.

With the mission to be the leading retail-led mixed-use developer, the Company announced an enthusiastic 5-yrs expansion plan of 37 hotels 4,000 keys, and 50 residential projects across Thailand.

The EGM of Siam Futures Development PLC ("SF") No. 1/2022 approved the delisting of its shares from the Stock Exchange of Thailand. Subsequently, the SET Board of Governors approved and delisted SF on June 1. The Company holds a total share of 99.73% of SF.

Responding to increased demand in storage from businesses and customers, the Company invested 30% in JWD Store it! Co., Ltd for a total investment of 93.86MB. Currently, JWD Store it! operates 6 branches with an NLA of 13,000sqm. Conforming to the strategy of expanding into a related industry that supports core business, the Company has partnered with an experienced leader in the storage industry to expand into the self-storage business.

The Company has incessantly developed its excellence in sustainable development. Recently, the Company has issued 1,000MB 3-yr. Green Bond to fulfill a long-term plan of Net Zero Company by 2050. It is the first Green Bond in Thailand's property and retail industries.

## OVERVIEW

The Company has 4 business units under management:

- 1) Rental and services
- 2) Food center services
- 3) Hotels, and
- 4) Residential for sale

Including properties transferred to CPN Retail Growth Leasehold REIT (“CPNREIT”), CPN Commercial Growth property fund (“CPNCG”) as well as properties under the management of Grand Canal Land PLC (“GLAND”) which is the Company’s subsidiary.

Number of projects and net leasable/salable area under CPN management as of 2Q 2022								
Type of business	Total		CPN		CPNREIT		CPNCG	
	No.	sq.m.	No.	sq.m.	No.	sq.m.	No.	sq.m.
<i>Retail properties</i>								
Shopping malls - BMA	16	998,201	16	845,642	3	152,559		
Shopping malls - Provinces	21	866,110	21	768,106	4	98,004		
Community malls	17	169,124	17	169,124				
Retail space in buildings		2,884		2,884				
<b>Total domestic retail properties</b>	<b>54</b>	<b>2,036,319</b>	<b>54</b>	<b>1,785,756</b>	<b>7</b>	<b>250,563</b>		
Shopping malls - International	1	84,081	1	84,081				
<b>Total retail properties</b>	<b>55</b>	<b>2,120,400</b>	<b>55</b>	<b>1,869,837</b>	<b>7</b>	<b>250,563</b>		
<i>Non-core businesses</i>								
Office buildings	7	169,560	4	53,425	2	34,096	1	82,039
Hotels	2	563 rooms	1	259 rooms	1	304 rooms		
Residential (high rise)	14	5,889 units	14	5,889 units				
Residential (low rise)	6	928 units	6	928 units				
<i>Assets under GLAND</i>								
Office buildings	3	145,233	1	67,604	2	77,629		
Residential (high rise)	1	1,991 units	1	1,991 units				
Residential (low rise)	1	262 units	1	262 units				
Retail space in buildings		20,342		20,342				
<i>Assets under SF</i>								
Shopping malls under JV	1	168,597	1	168,597				

The Company manages 56 retail projects, of which 39 are shopping malls (16 in the Bangkok Metropolitan area, 21 upcountry, 1 overseas, and 1 joint-venture) as well as 17 community malls with a total NLA of 2.3m sqm. In 2Q22, the Company opened a new shopping mall, Central Chanthaburi, adding another 18,041sqm in NLA. Due to a major renovation of Central Ramindra, the Company’s occupancy rate dropped slightly to 90%.

The Company has 10 office buildings for rent with a total of 314,792sqm. The occupancy rate was stable and strong at 91%.

2 hotels under the Company's portfolio have 563 keys with 60% occupied during 2Q22, up from 49% in 1Q22, resulting from an influx of international tourists along with the domestic tourism stimulus package.

For the residential for sale business, the Company has a total of 22 residential projects in its portfolio. 14 of which are available for sale and transfer, comprising 7 high-rise projects that are mainly adjacent to the shopping centers and 7 low-rise projects that feature single-detached homes, semi-detached homes, townhomes, and home offices.

## FINANCIAL PERFORMANCE

2Q22 Profit & Loss Statement reconciliation between F/S and core performance

Unit: MB*	Per F/S	Non-recurring items	Core performance	TFRS16 Impact	Performance (excl. TFRS16)
Revenue from rental & services	7,552		7,552	155	7,707
Revenue from other businesses	1,024		1,024		1,024
Other income	575	(345)	230		230
<b>Total Income</b>	<b>9,151</b>	<b>(345)</b>	<b>8,806</b>	<b>155</b>	<b>8,961</b>
Cost of rental & services	3,804		3,804		3,804
Cost of other businesses	604		604		604
Administrative expense	1,492		1,492		1,492
<b>Operating profit (loss)</b>	<b>3,251</b>	<b>(345)</b>	<b>2,906</b>	<b>155</b>	<b>3,061</b>
(+)Share of profit from invested co.	384		384		384
(+)Investment income	381		381	(360)	21
(-)Interest expense	523		523		523
(-)Income tax	713	(69)	644	(40)	604
(-)Minority interest	26		26		26
<b>Net profit to parent co.</b>	<b>2,753</b>	<b>(275)</b>	<b>2,478</b>	<b>(165)</b>	<b>2,313</b>

\*Numbers are decimally rounded

### Non-recurring items

In 2Q22, the Company posted a one-off profit before tax of 345MB from a sale of a 10% investment portion in a joint-venture company "Vimarnsuriya Co., Ltd" to Dusit Thani PLC. per a previous agreement. The Company's share in a joint-venture company remained at 30%.

### The impact of the implementation of new financial reporting standards on the Company's financial statement

From 2020, the Company has adopted the Thai Financial Reporting Standard (TFRS16) - Leases which impacted the financial statement in terms of differences from actual performance. An impact on the statement of comprehensive profit and loss in 2Q22 was as followed:

- **The impact of the COVID-19 situation** According to relief measure by providing rent discount to tenants as forecast, impacted directly to rental and services revenue, which will be regularly recognized on a straight-line amortization basis through contract remaining period amounted to 155MB and 31MB of income tax expense on the rental revenue recognition. The transaction does not affect the Company's cash flow. (See details in the Notes to Financial Statements No. 2 "Impact of COVID-19 outbreak")
- **Value adjustment to financial lease** The Company recognized lease receivable from financial lease with CPNREIT in 1Q20 which reflects the present value at transaction date and will recognize receivable from financial lease until 2025 which will reflect the Company's cash flow that time. In 2Q22, the Company recognized an interest income from the Central Rama 2 lease contract amounted to 360MB and recorded its deferred tax of 72MB.

The following management discussion excludes an impact of non-recurring items and the new accounting standard (TFRS16) as mentioned above to the Company's best ability to reflect the financial performance based on actual business events, which may differ from the financial statements reviewed and/or audited by the auditors authorized by the Securities and Exchange Commission of Thailand (SEC).

### **Total Income**

In 2Q22, the Company has a total income of 8,731MB, which increased 54%YOY and 10%QOQ from a steady improvement in all core businesses especially hotel, food center service, and residential for sale.

- 1) Rental & Service business has a revenue (excluding non-recurring items and TFRS16 effect) of 7,707MB, up 52%YOY and 7%QOQ on account of a 2% increase QOQ in NLA from the latest shopping malls – Central Chanthaburi, and a complete renovation of Central Rama 2. Followed better traffic and thrived tenant sales, discount support to tenants decreased slightly by 1%QOQ whilst rental income from revenue sharing part grew 15%QOQ. Lastly, office for rent revenue also grew 15%YOY and 2%QOQ from a higher average rental rate.
- 2) Food center services showed revenue of 156MB, up 117%YOY and 31%QOQ as more tourists and office workers were back. The Company also added more variety and popular names to the centers, provided delivery service as well as increased marketing activities to attract more customers.
- 3) Hotel business recorded revenue of 203MB which jumped 332%YOY and 60%QOQ. Thanks to both international and domestic tourism, the average occupancy rate was driven up to 60% in 2Q22 with a strengthened average daily room rate and REVPAR.
- 4) Residential for sale business reported revenue of 665MB, grew 43%YOY and 53%QOQ, from speedy construction progress, catching up with delayed transfer in low-rise and higher sales in high-rise projects

### **Gross profit**

The Company showed a 2Q22 gross profit of 4,323MB, up 107%YOY and 12%QOQ. The gross margin was 50%, up from 37% a year earlier and 49% a previous quarter, owing to an increase in income more than that in cost. The Company maintains its efficient cost control amid rising operating cost conditions.

## Operating profit

2Q22 operating profit of 3,062MB jumped 196%YOY due to a significant reduction in SG&A/total revenue from 22% in 2Q21 to 16.7% in 2Q22. Therefore, the operating profit margin improved from 17% in 2Q21 to 34% currently.

Operating profit rose 9%QOQ with a QOQ stable margin as SG&A/total revenue grew slightly from 16.4% in 1Q22 to 16.7% in 2Q22, along with a 21%QOQ drop in other income which was mainly from a change in FX rate.

## Net profit

The Company presented a 268%YOY and 7%QOQ growth in 2Q22 net profit of 2,313MB with a net margin of 25%. The Company received higher investment income and share of profit from an investment as recovery progressed, and so did an income tax expense.

(The following table is per reported financial statement)

<i>Profit &amp; Loss Statement (MB)*</i>	2Q 2021	1Q 2022	2Q 2022	YOY %	QOQ %	1H 2021	1H 2022	YOY %
Revenue from rent and services	5,396	7,097	7,552	40%	6%	11,360	14,649	29%
Retail	5,100	6,761	7,210	41%	7%	10,740	13,971	30%
Office	296	336	342	15%	2%	620	678	9%
Revenue from hotel operations	47	127	203	332%	60%	114	330	189%
Revenue from food center services	72	120	156	117%	31%	166	276	66%
Revenue from real estate sales	466	435	665	43%	53%	851	1,100	29%
Other income	383	293	575	50%	96%	3,401	868	(74%)
<b>Total revenue</b>	<b>6,364</b>	<b>8,072</b>	<b>9,151</b>	<b>44%</b>	<b>13%</b>	<b>15,892</b>	<b>17,222</b>	<b>8%</b>
<i>Total revenue (excl. non-recurring items and TFRS16)</i>	<i>5,933</i>	<i>8,208</i>	<i>8,961</i>	<i>51%</i>	<i>9%</i>	<i>12,581</i>	<i>17,168</i>	<i>36%</i>
Cost of rent and services	3,152	3,626	3,804	21%	5%	6,327	7,431	17%
Retail	3,070	3,547	3,719	21%	5%	6,163	7,266	18%
Office	82	80	85	4%	7%	164	165	0%
Cost of hotel operations	26	40	58	123%	45%	53	98	85%
Cost of food center services	68	83	92	35%	11%	139	174	25%
Cost of real estate sales	328	307	453	38%	48%	584	760	30%
<b>Total cost</b>	<b>3,574</b>	<b>4,056</b>	<b>4,407</b>	<b>23%</b>	<b>9%</b>	<b>7,104</b>	<b>8,463</b>	<b>19%</b>
<i>Total cost (excl. non-recurring items and TFRS16)</i>	<i>3,574</i>	<i>4,056</i>	<i>4,407</i>	<i>23%</i>	<i>9%</i>	<i>7,104</i>	<i>8,463</i>	<i>19%</i>
Selling, general and admin expense	1,326	1,347	1,492	13%	11%	2,590	2,840	10%
<b>Operating profit</b>	<b>1,464</b>	<b>2,668</b>	<b>3,251</b>	<b>122%</b>	<b>22%</b>	<b>6,198</b>	<b>5,920</b>	<b>(4%)</b>
<i>Operating profit (excl. non-recurring items and TFRS16)</i>	<i>1,033</i>	<i>2,804</i>	<i>3,062</i>	<i>196%</i>	<i>9%</i>	<i>2,887</i>	<i>5,867</i>	<i>103%</i>
Net finance cost/income tax/others	195	340	497	155%	46%	1,095	838	(23%)
<b>Net profit</b>	<b>1,269</b>	<b>2,328</b>	<b>2,753</b>	<b>117%</b>	<b>18%</b>	<b>5,103</b>	<b>5,082</b>	<b>(0%)</b>
<i>Net profit (excl. non-recurring items and TFRS16)</i>	<i>629</i>	<i>2,158</i>	<i>2,313</i>	<i>268%</i>	<i>7%</i>	<i>1,885</i>	<i>4,471</i>	<i>137%</i>
<b>Earnings per share (THB)</b>	<b>0.28</b>	<b>0.52</b>	<b>0.62</b>	<b>117%</b>	<b>18%</b>	<b>1.14</b>	<b>1.14</b>	<b>0%</b>
<i>Earnings per share (excl. non-recurring items and TFRS16)</i>	<i>0.14</i>	<i>0.48</i>	<i>0.52</i>	<i>268%</i>	<i>7%</i>	<i>0.42</i>	<i>1.00</i>	<i>169%</i>

\*Numbers are decimally rounded

## CAPITAL STRUCTURE

As of June 30, 2022, the Company reported an interest-bearing debt of 81,886MB, increasing 3%QOQ. The proportion of fixed-rate debt was 46% and the weighted average interest rate was lowered to 1.62%. The weighted average duration of debt was lower marginally to 2.6 years, of which 42% was short-term debt less than a year.

Net interest-bearing debt to equity rose slightly QOQ to 0.89 times in 2Q22, which is lower than the Company's policy of 1 time and less than the debt covenant of 1.75 times. The Company emphasizes 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.

The interest coverage ratio in 2Q22 jumped significantly to 14 times as interest expense fell to 218MB from a higher short-term debt portion with a lower interest rate.

<i>Statement of Financial Position(MB)*</i>	2Q 2021	1Q 2022	<b>2Q 2022</b>	YOY %	QOQ %
<i>Current assets</i>					
Cash and current investments	8,062	7,024	8,200	2%	17%
Other current assets	15,803	17,512	17,493	11%	(0.1%)
<b>Total current assets</b>	<b>23,865</b>	<b>24,536</b>	<b>25,693</b>	<b>8%</b>	<b>5%</b>
<i>Non-current assets</i>					
Investment properties	157,691	165,702	165,207	5%	(0.3%)
Property & equipment (PP&E)	3,127	3,281	3,397	9%	4%
Other non-current assets	38,726	71,457	72,264	87%	1%
<b>Total non-current assets</b>	<b>199,544</b>	<b>240,440</b>	<b>240,869</b>	<b>21%</b>	<b>0.2%</b>
<b>Total assets</b>	<b>223,408</b>	<b>264,976</b>	<b>266,562</b>	<b>19%</b>	<b>1%</b>
<i>Current liabilities</i>					
Interest-bearing debt - 1 year	13,408	25,256	32,190	140%	27%
Other current liabilities	12,425	13,316	14,281	15%	7%
<b>Total current liabilities</b>	<b>25,832</b>	<b>38,572</b>	<b>46,471</b>	<b>80%</b>	<b>20%</b>
<i>Non-current liabilities</i>					
Interest-bearing debt	34,003	55,295	50,769	49%	(8%)
Other non-current liabilities	84,281	86,868	85,348	1%	(2%)
<b>Total non-current liabilities</b>	<b>118,284</b>	<b>142,163</b>	<b>136,117</b>	<b>15%</b>	<b>(4%)</b>
<b>Total liabilities</b>	<b>144,117</b>	<b>180,735</b>	<b>182,587</b>	<b>27%</b>	<b>1%</b>
<i>Shareholders' equity</i>					
Retained earnings - unappropriated	60,666	65,023	65,200	7%	0.3%
Other shareholders' equity	18,626	19,218	18,774	1%	(2%)
<b>Total shareholders' equity</b>	<b>79,292</b>	<b>84,241</b>	<b>83,975</b>	<b>6%</b>	<b>(0.3%)</b>

\*Numbers are decimally rounded

## Credit Term

The Company has a credit term policy of 1-30 days which has been maintained throughout the COVID19 period. In 2Q22, the collection period was lower QOQ to 44 days. The Company continues to support tenants in terms of rental & service discounts and other forms as appropriate.

At the end of 2Q22, the Company has account receivables of 4,012MB, down 14%QOQ.

Financial Ratio	2Q 2021	1Q 2022	2Q 2022	YOY %	QOQ %	1H 2021	1H 2022	YOY %
<b>Profitability Ratio</b>								
Gross profit margin	40%	48%	49%	8%	1%	43%	48%	5%
<i>Excluding TFRS16 effect</i>	37%	49%	50%	13%	1%	41%	49%	8%
Rental and services	42%	49%	50%	8%	1%	44%	49%	5%
<i>Excluding TFRS16 effect</i>	38%	50%	51%	13%	1%	42%	50%	8%
Hotel operations	45%	68%	71%	27%	3%	53%	70%	17%
Food center services	5%	31%	41%	36%	10%	16%	37%	21%
Real estate sales	30%	30%	32%	2%	2%	32%	31%	(1%)
Operating profit margin	22%	32%	34%	12%	3%	37%	33%	(5%)
<i>Excluding non-recurring items and TFRS16</i>	17%	34%	34%	17%	0%	23%	34%	11%
Net profit margin	18%	27%	28%	9%	1%	30%	27%	(3%)
<i>Excluding non-recurring items and TFRS16</i>	10%	25%	25%	14%	(0%)	15%	25%	10%
Return on equity	13%	7%	9%	(4%)	2%	13%	9%	(4%)
<i>Excluding non-recurring items and TFRS16</i>	7%	5%	8%	1%	3%	7%	8%	1%
<b>Efficiency Ratio</b>								
Return on assets	4%	2%	3%	(1%)	1%	4%	3%	(1%)
<i>Excluding non-recurring items and TFRS16</i>	3%	2%	3%	0%	1%	3%	3%	0%
<b>Liquidity Ratio</b>								
Current ratio (times)	0.92	0.65	0.55	(37%)	(10%)	0.92	0.55	(37%)
Quick ratio (times)	0.47	0.30	0.26	(21%)	(4%)	0.47	0.26	(21%)
<b>Financial Policy Ratio</b>								
Liabilities to equity ratio (times)	1.82	2.15	2.17	35%	2%	1.82	2.17	35%
Net interest-bearing debt to equity (times)	0.50	0.87	0.89	39%	2%	0.50	0.89	39%

## OUTLOOK

In 4Q23, the Company plans to open a new shopping mall **Central Westville** on Ratchaphruek road with a 6,200MB investment budget for 32,000sqm NLA. The Company also continues its expansion and asset enhancement plan throughout the year i.e **CentralwOrld**, **Central Changwattana**, and **Central Ramindra**.

The Company is currently developing the largest mixed-use community mall in the Thonglor area, **Marche Thonglor**, which is comprised of 12,000 sqm retail space, 13,687 sqm office area, and residential at the later stage. Aimed to be a top destination for premium supermarket and prominent restaurants, Marche Thonglor has a 2,223MB in capital expenditures and targets to open in 4Q22. The office space is being developed and managed by Univentures PLC.

In 2Q22, the Company announced an expansion plan for the hotel business for a total of 37 locations, and 4,000 keys with a budget of 10,000MB in the next 5 years. This expansion plan supplements the Company's mixed-use projects as well as acknowledges the demands of standardized hotels. The Company earmarks 3 different market segments with 3 hotel brands:

1. **Centara**, an upscale hotel with comprehensive services in touristy or large cities
2. **Centara One**, a lifestyle midscale hotel for business and vacation travelers in the 2<sup>nd</sup> tier cities
3. **go!** a premium budget hotel for business travelers in industrial estate areas or small cities

The latest addition to the Company's hotel portfolio will be **Centara Korat**, a 218-key hotel that plans to launch in September 2022.

The Company also announced an expansion plan for residential business in July. With a total capital expenditure of 40,000MB., the Company will add 50 more projects across 14 provinces in the next 5 years. In 2022, the Company will launch 6 projects of which 4 will be high-rises under the **ESCENT** brand in Surathani, Supanburi, Chachoengsao, and Trang. The other 2 projects will be single detached house types: **Ninya Rajapruek** and **Nirati Chiangmai**.

Development progress of future projects under construction			2022		
Project	Area	Expected	2Q	3Q	4Q
<b><u>Rental &amp; Service</u></b>					
Central Westville	34,000sqm	2023	In a development process		
Marche Thonglor	6,500sqm	2022			
<b><u>Hotel</u></b>					
Centara Korat	<u>units</u> 218	2022	★ Sept 13		
Centara One Ubonratchathani		2022	In a development process		
go! Bowin Cholburi		2022	In a development process		
<b><u>Residential for sales</u></b>					
<i>High-rise</i>					
	<u>units</u>				
Escent Rayong	420	2023	Pre-sales 55%		
Escent Hatyai	665	2023	Pre-sales 100%		
Escent Ville Ayuthaya	396	2023	Pre-sales 82%		
Phyll Phuket	439	2023	Pre-sales 19%		
Escent Korat	395	2023	Pre-sales 77%		
<i>Low-rise</i>					
<i>BMA</i>					
Nirati Donmuang	262		Booked 77 units, Transferred 47 units		
Niyham Boromratchachonnani	71		Booked 37 units, Transferred 29 units		
Ninya Kalapapruek	144		Booked 74 units, Transferred 67 units		
Nirati Bangna	156		Booked 63 units, Transferred 56 units		
<i>UPC</i>					
Escent Town Pitsanulok	311		Booked 78 units, Transferred 75 units		
Nirati Chiangrai	183		Booked 52 units, Transferred 44 units		
Escent Avenue Rayong	63	2022	Booked 16 units, Transferred 2 units		
<b><u>Joint mixed-use development</u></b>					
Dusit Central Park		2024 onwards			