

EXECUTIVE SUMMARY

In 3Q22, Thailand's economy has been volatile and uncertain from various factors. **Positive factors** were border opening for tourists along with easing COVID-19 measures resulted in almost 4m international tourists' arrivals, surpassing 1.5m in the previous quarter. Whilst **negative factors** such as the 7% inflation rate in 3Q22, elevated energy and raw materials cost, and rising cost of funds unfavorably affected market sentiment. The Bank of Thailand raised its policy rate by 0.50% during 3Q22. China's Zero COVID-19 policy has continued; therefore, Thailand's main group of tourists has not arrived yet.

Given the situation, Central Pattana PLC ("The Company") recovered continuously from the previous quarter. In 3Q22, the Company reported **total revenue of 9,349MB, and a net profit of 2,872MB**, growing 83% and 1,153%YOY respectively. Excluding the non-recurring items and the impact of financial reporting standards, the Company's core performance showed total revenue of 9,559MB, and a net profit of 2,735MB, which increased by 99%, and 1,274%YOY respectively. The Company's core business showed steady improvement, especially hotel business and food center service. The Company continues to implement effective cost-saving initiatives which also help enhance its margin.

On September 13, 2022, the Company has added a new hotel in the portfolio, **Centara Korat**, a 218-key hotel. As a consequence, the Company has its first mixed-use project in Nakornratchasima and the northeastern part of Thailand, consisting of shopping mall, hotel, and residential properties. The Company has followed a target to be a leading mixed-use property developer in Thailand.

OVERVIEW

The Company has 4 business units under management:

- 1) Rental and services.
- 2) Food center services,
- 3) Hotels, and
- 4) Residential properties 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.

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. The Company's occupancy rate was stable QOQ at 90%.

The Company has 10 office buildings for rent with a total of 314,792sqm. The occupancy rate stood at 90% in 3Q22.

The Company added another 218 keys hotel, **Centara Korat**, in its portfolio resulting in a total of 3 hotels, 781 keys under management. The 3Q22 occupancy rate was 61%, up from 60% in 2Q22, due to the government's domestic tourism campaign and greater tourist arrivals.

For the residential for sale business, the Company has a total of 23 residential projects in its portfolio, adding 1 high-rise project from the opening of **ESCENT VILLE Surathani** in August. Currently, the Company has a total of 15 projects available for sale and transfer, comprising of 8 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.

Number of projects and net leasable/salable area under CPN management as of 3Q 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				
Total domestic retail properties	54	2,036,319	54	1,785,756	7	250,563		
Shopping malls - International	1	84,081	1	84,081				
Total retail properties	55	2,120,400	55	1,869,837	7	250,563		
<i>Non-core businesses</i>								
Office buildings	7	169,560	4	53,425	2	34,096	1	82,039
Hotels	3	781 rooms	2	477 rooms	1	304 rooms		
Residential (high rise)	15	6,348 units	15	6,348 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				

ESG ACTIVITIES

Following the Company's mission to be a net zero carbon emission in 2050, the Company partnered with PTT PLC. And Evolt Technology Co., Ltd to install over 400 EV charging stations in our shopping mall nationwide with a 200MB investment cost in 3Q22. Moreover, the Company has planted 100,000 trees from a target of 1m trees in the next 10 years under the project "One Million Trees Movement".

**FINANCIAL
PERFORMANCE**

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 3Q22 was as followed:

- **The impact of the COVID-19 situation:** Relief measures that provided rental discounts to tenants impacted rental and services revenue, which are recognized on a straight-line amortization basis for the remaining contract period amounted to 210MB and 42MB 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 are recognized receivable from financial lease until 2025 which will reflect the Company’s cash flow that time. In 3Q22, the Company recognized an interest income from the Central Rama 2 lease contract amounting to 381MB and recorded its deferred tax of 76MB

3Q22 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	7,951		7,951	210	8,161
Revenue from other businesses	1,060		1,060		1,060
Other income	338	-	338		338
Total Revenue	9,349	-	9,349	210	9,559
Cost of rental & services	3,924		3,924		3,924
Cost of other businesses	599		599		599
Administrative expense	1,538		1,538		1,538
Operating profit (loss)	3,289	-	3,289	210	3,499
(+)Share of profit from invested co.	399		399		399
(+)Investment income	399		399	(381)	18
(-)Interest expense	551		551		551
(-)Income tax	642	-	642	(34)	608
(-)Minority interest	22		22		22
Net profit to parent co.	2,872	-	2,872	(137)	2,735

*Numbers are decimally rounded

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 3Q22, the Company has a total income of 9,559MB, which increased 99%YOY and 7%QOQ from a continuous recovery in core businesses

1. Rental & Service business has a revenue of 8,161MB, increased 98%YOY and 6%QOQ on account of a COVID19 lockdown measure in 3Q21. YOY growth also reflects the opening of 3 new shopping malls, **Central Si Racha**, **Central Ayutthaya** and **Central Chanthaburi**, along with an acquisition of Siam Future Development PLC during the year, resulting in a 13% increase in NLA. Overall, rental & service revenue grew from less discount support to tenants due to normalized situation to pre-COVID19 period, followed by thriving tenant sales. Lastly, office for rent revenue also grew 24%YOY and 2%QOQ to 349MB from a higher utility income.
2. Food center services posted revenue of 182MB, surged 321%YOY and 16%QOQ from strong occupancy rate and better tenant sales.
3. Hotel business recorded revenue of 252MB, up 593%YOY and 24%QOQ. Active domestic tourism underpinned average occupancy rate to 61% from 60% in 2Q22 and 18% in 3Q21 with a 13%QOQ and 82%YOY boost in average daily room rate.
4. Residential for sale business reported revenue of 627MB, down 6%QOQ from fewer transfer of high-rise projects but climbed 58%YOY from more high-rise projects available to sell. However, low-rise projects show a faster pace of being constructed and transferred in the period.
5. Other income of 338MB, expanded 47%QOQ and 70%YOY because of higher management income from better performance and FX gain.

(The following table is per the reported financial statement)

Profit & Loss Statement (MB)*	3Q 2021	2Q 2022	3Q 2022	YOY %	QOQ %	9M 2021	9M 2022	YOY %
Revenue from rent and services	4,199	7,552	7,951	89%	5%	15,559	22,600	45%
Retail	3,918	7,210	7,602	94%	5%	14,658	21,574	47%
Office	281	342	349	24%	2%	901	1,026	14%
Revenue from hotel operations	36	203	252	599%	24%	150	581	287%
Revenue from food center services	43	156	182	323%	16%	209	457	119%
Revenue from real estate sales	397	665	627	58%	(6%)	1,249	1,727	38%
Other income	426	575	338	(21%)	(41%)	3,827	1,206	(68%)
Total revenue	5,103	9,151	9,349	83%	2%	20,995	26,571	27%
<i>Total revenue (excl. non-recurring items and TFRS16)</i>	<i>4,808</i>	<i>8,961</i>	<i>9,559</i>	<i>99%</i>	<i>7%</i>	<i>17,389</i>	<i>26,727</i>	<i>54%</i>
Cost of rent and services	3,002	3,804	3,924	31%	3%	9,329	11,355	22%
Retail	2,930	3,719	3,831	31%	3%	9,093	11,098	22%
Office	72	85	93	29%	9%	236	257	9%
Cost of hotel operations	25	58	77	208%	33%	78	175	124%
Cost of food center services	55	92	101	83%	9%	194	275	42%
Cost of real estate sales	279	453	421	51%	(7%)	863	1,181	37%
Total cost	3,360	4,407	4,523	35%	3%	10,464	12,986	24%
<i>Total cost (excl. non-recurring items and TFRS16)</i>	<i>3,360</i>	<i>4,407</i>	<i>4,523</i>	<i>35%</i>	<i>3%</i>	<i>10,464</i>	<i>12,986</i>	<i>24%</i>
Selling, general and admin expense	1,289	1,492	1,538	19%	3%	3,879	4,377	13%
Operating profit	454	3,251	3,289	624%	1%	6,652	9,208	38%
<i>Operating profit (excl. non-recurring items and TFRS16)</i>	<i>159</i>	<i>3,062</i>	<i>3,499</i>	<i>2101%</i>	<i>14%</i>	<i>3,046</i>	<i>9,364</i>	<i>207%</i>
Net finance cost/income tax/others	247	497	417	69%	(16%)	1,319	1,254	(5%)
Net profit	229	2,753	2,872	1154%	4%	5,332	7,954	49%
<i>Net profit (excl. non-recurring items and TFRS16)</i>	<i>(199)</i>	<i>2,313</i>	<i>2,735</i>	<i>1274%</i>	<i>18%</i>	<i>1,686</i>	<i>7,207</i>	<i>327%</i>
Earnings per share (THB)	0.05	0.62	0.64	1180%	3%	1.19	1.78	50%
<i>Earnings per share (excl. non-recurring items and TFRS16)</i>	<i>(0.04)</i>	<i>0.52</i>	<i>0.61</i>	<i>1425%</i>	<i>17%</i>	<i>0.38</i>	<i>1.61</i>	<i>324%</i>

*Numbers are decimally rounded

Gross profit

The Company showed a 3Q22 gross profit of 4,699MB, up 276%YOY and 9%QOQ. The gross margin improved to 51%, from 27% a year earlier and 50% in the previous quarter, owing to an increase in income and efficient cost control amidst rising operating cost conditions. As a result, income increased more than cost in every business except hotel business which recorded a new hotel opening cost in this quarter.

Operating profit

3Q22 operating profit of 3,499MB jumped 2,103%YOY and 14%QOQ from an increase of only 19%YOY and 3%QOQ in SG&A. SG&A to revenues decreased to 16.1% from 16.7% in 2Q22 and 26.8% in 3Q21, resulting in an improved operating profit margin to 36.5% from 34% in 2Q22 and 3% in 3Q21.

Net profit

The Company presented a net profit of 2,735MB in 3Q22, surging 1,274%YOY and 18%QOQ, returning a net margin to a positive 27% from 25% a quarter earlier and a negative margin a year earlier. The Company received higher share of profit from an investment as recovery progressed despite higher interest and income tax expense.

CAPITAL STRUCTURE

<i>Statement of Financial Position(MB)*</i>	3Q 2021	2Q 2022	3Q 2022	YOY %	QOQ %
<i>Current assets</i>					
Cash and current investments	7,964	8,200	5,651	(29%)	(31%)
Other current assets	16,759	17,493	18,642	11%	7%
Total current assets	24,723	25,693	24,293	(2%)	(5%)
<i>Non-current assets</i>					
Investment properties	166,095	165,207	168,470	1%	2%
Property & equipment (PP&E)	3,120	3,397	3,707	19%	9%
Other non-current assets	63,934	72,264	73,379	15%	2%
Total non-current assets	233,149	240,869	245,556	5%	2%
Total assets	257,872	266,562	269,849	5%	1%
<i>Current liabilities</i>					
Interest-bearing debt - 1 year	25,865	32,190	29,821	15%	(7%)
Other current liabilities	12,674	14,281	14,272	13%	(0%)
Total current liabilities	38,540	46,471	44,093	14%	(5%)
<i>Non-current liabilities</i>					
Interest-bearing debt	41,251	50,769	50,099	21%	(1%)
Other non-current liabilities	87,561	85,348	88,607	1%	4%
Total non-current liabilities	128,813	136,117	138,706	8%	2%
Total liabilities	167,352	182,587	182,799	9%	0%
<i>Shareholders' equity</i>					
Retained earnings - unappropriated	60,895	65,200	68,073	12%	4%
Other shareholders' equity	29,624	18,774	18,978	(36%)	1%
Total shareholders' equity	90,519	83,975	87,050	(4%)	4%

*Numbers are decimally rounded

As the end of 3Q22, the Company reported an interest-bearing debt of 78,811MB, decreasing 4%QOQ from the repayment of short-term liabilities. Net interest-bearing debt to equity fell slightly QOQ to 0.85 times.

The 3Q22 weighted average interest rate rose slightly from 1.62% in 2Q22 to 1.7%, as the market adjusted to the BOT rate tightening. The Company has increased the fixed-rate debt as a percentage of total interest-bearing debt to 47% and long-term (over 1 year) debt to 63%. The weighted average duration of debt extended marginally to 2.7 years. Encouragingly, the interest coverage ratio grew to 14.3 times despite higher interest rate and expense.

Credit term

The Company has maintained a credit term policy of 1-30 days. In 3Q22, the collection period improved significantly QOQ from 44 to 21 days and account receivables of 3,367MB reduced 16%QOQ.

Financial Ratio	3Q 2021	2Q 2022	3Q 2022	YOY %	QOQ %	9M 2021	9M 2022	YOY %
Profitability Ratio								
Gross profit margin	28%	49%	50%	22%	1%	39%	49%	10%
<i>Excluding TFRS16 effect</i>	27%	50%	51%	24%	2%	37%	50%	13%
Rental and services	29%	50%	51%	22%	1%	40%	50%	10%
<i>Excluding TFRS16 effect</i>	27%	51%	52%	25%	1%	38%	51%	13%
Hotel operations	32%	71%	69%	37%	(2%)	48%	70%	22%
Food center services	(27%)	41%	45%	72%	3%	7%	40%	33%
Real estate sales	30%	32%	33%	3%	1%	31%	32%	1%
Operating profit margin	8%	34%	34%	25%	(0%)	30%	33%	3%
<i>Excluding non-recurring items and TFRS16</i>	3%	34%	37%	33%	3%	18%	35%	18%
Net profit margin	4%	28%	28%	24%	1%	24%	28%	4%
<i>Excluding non-recurring items and TFRS16</i>	(4%)	25%	27%	32%	3%	10%	26%	16%
Return on equity	9%	9%	11%	2%	2%	9%	11%	2%
<i>Excluding non-recurring items and TFRS16</i>	4%	7%	10%	6%	3%	4%	10%	6%
Efficiency Ratio								
Return on assets	3%	3%	4%	1%	1%	3%	6%	3%
<i>Excluding non-recurring items and TFRS16</i>	3%	2%	3%	0%	1%	3%	3%	(0%)
Liquidity Ratio								
Current ratio (times)	0.64	0.55	0.55	(9%)	0%	0.64	0.55	(9%)
Quick ratio (times)	0.32	0.26	0.20	(12%)	(6%)	0.32	0.20	(12%)
Financial Policy Ratio								
Liabilities to equity ratio (times)	1.85	2.17	2.10	25%	-7%	1.85	2.10	25%
Net interest-bearing debt to equity (times)	0.65	0.89	0.85	20%	-4%	0.65	0.85	20%

OUTLOOK

The Company announced its **retail business** expansion plan as followed:

- 1) The largest mixed-use community mall in the Thonglor area, **Marche Thonglor**, comprises of 12,000 sqm retail space, 13,687 sqm office area, and residentials 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 1Q23. The office space is being developed and managed by Univentures PLC.
- 2) **Central Westville** locates on Ratchaphruek road with a 6,200MB investment budget for 32,000sqm NLA, expected to open in 4Q23.
- 3) **Central Nakornsawan** with a 4,500MB investment budget for 29,000sqm NLA, is expected to open in 1Q24
- 4) **Central Nakornpathom** with a 3,800MB investment budget for 25,000sqm NLA, is expected to open in 2Q24.
- 5) **Dusit Central Park**, which is a joint venture with Dusit Thani PLC, includes 80,000sqm retail space, 90,000sqm office area, 250-keys hotel and 550 units of

luxury residentials for a total investment value of 46bn baht, expected to open in 2024 onwards.

The Company also continues its expansion and asset enhancement plan throughout the year i.e **centralwOrld**, **Central Changwattana**, and **Central Ramindra**.

For the **hotel business**, the Company expects to add 2 more hotels to the portfolio, which are in Chonburi later this year and Ubonratchathani early next year.

For **residential business**, the Company has launched **ESCENT VILLE Supanburi and Chachoengsao** in October and plan to launch **ESCENT VILLE Trang** and 2 low-rise projects, **Ninya Ratchapruek** and **Nirati Chiangmai**, later this year. By end 2022, the Company will launch a total of 6 projects for a total value of 6,257MB.

Development progress of future projects under construction			2022	2023				2024	
Project	Area	Expected	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<u>Rental & Service</u>									
Marche Thonglor	12,000sqm	2023		★					
Central Westville	34,000sqm	2023					★		
Central Nakornsawan	29,000sqm	2024						★	
Central Nakornpathom	25,000sqm	2024							★
<u>Hotel</u>									
Centara One Ubonratchathani		2023		★					
gol Bowin Chalburi		2022	★						
<u>Residential for sales</u>									
<i>High-rise</i>									
	<u>units</u>								
Escent Rayong	420	2023					Pre-sales 86%		
Escent Hatyai	665	2023					Pre-sales 100%		
Escent Ville Ayuthaya	396	2023					Pre-sales 95%		
Phyll Phuket	439	2023					Pre-sales 26%		
Escent Korat	395	2023					Pre-sales 91%		
Escent Ville Surathani	459	2025					Pre-sales 62%		
Escent Ville Supanburi	328	2025					In a development process		
Escent Ville Chachoengsao	362	2025					In a development process		
Escent Ville Trang	378	2025					In a development process		
<i>Low-rise</i>									
BMA									
Nirati Donmuang	262						Booked 80 units, Transferred 50 units		
Niyham Boromratchachonnani	71						Booked 38 units, Transferred 33 units		
Ninya Kalapapruek	144						Booked 82 units, Transferred 80 units		
Nirati Bangna	156						Booked 77 units, Transferred 73 units		
Ninya Rajapruek	132						In a development process		
UPC									
Escent Town Pitsanulok	311						Booked 82 units, Transferred 80 units		
Nirati Chiangrai	183						Booked 52 units, Transferred 48 units		
Escent Avenue Rayong	63						Booked 18 units, Transferred 8 units		
Nirati Chiangmai	179						In a development process		
<u>Joint mixed-use development</u>									
Dusit Central Park		2024 onwards							

Transaction post-3Q22 performance period

The Company grants financial assistance to a joint venture company “**Bayswater Co.,Ltd**” which the Company indirectly holds 50% share. The loan amount will not exceed 5.5bn Baht in order to develop a mixed-use project in Paholyothin area. The loan will be repaid once the project recognizes cashflow.